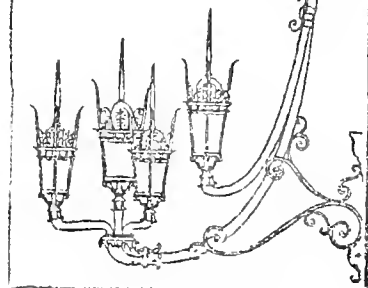



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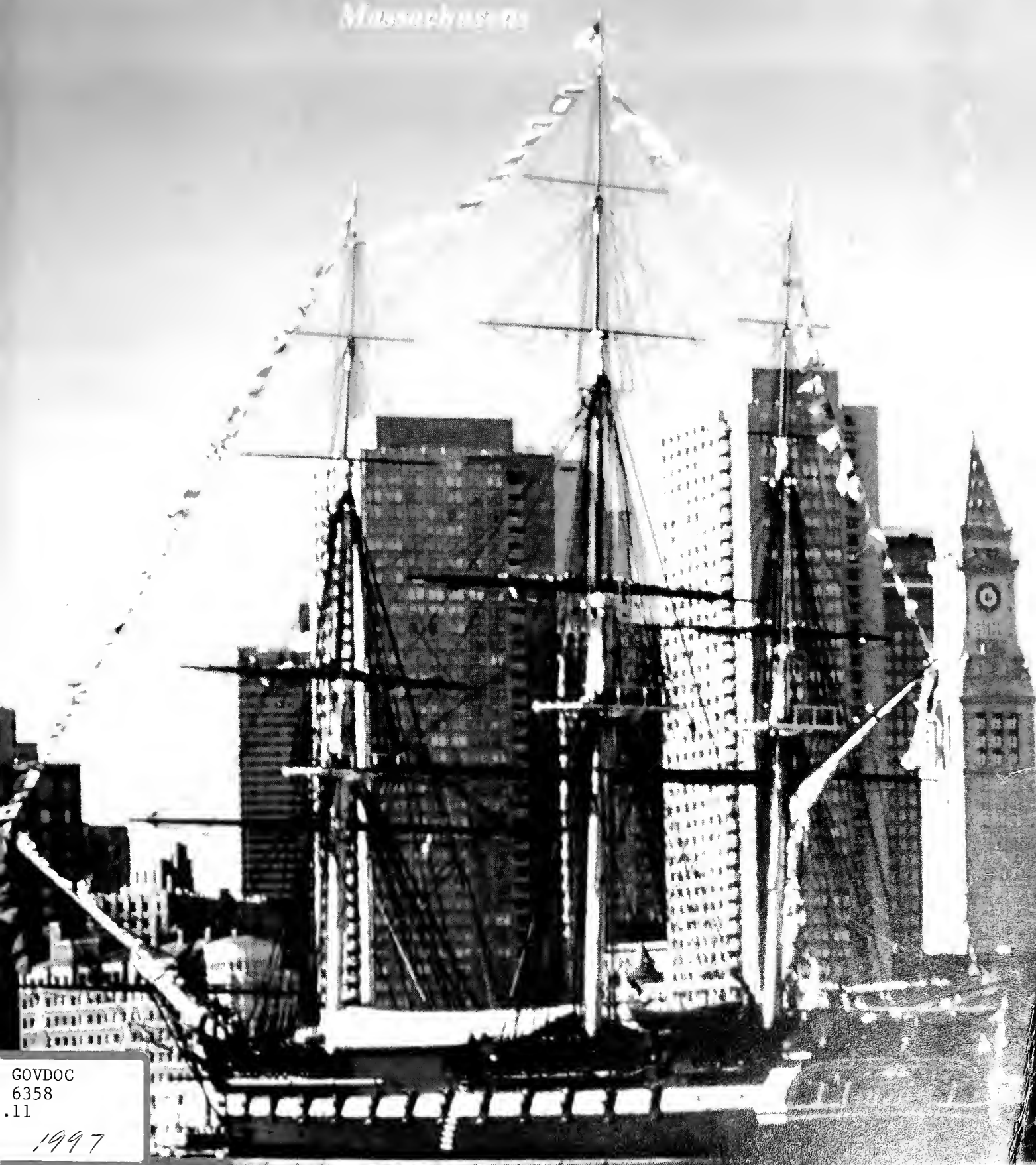




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1997

Comprehensive Annual Financial Report

the Fiscal Year Ended June 30, 1997

City of Boston

Massachusetts

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 1997

Thomas M. Menino, Mayor

Edward J. Collins, Jr., Chief Financial Officer

Sally D. Glora, City Auditor



Prepared by the City of Boston Auditing Department



Photographs provided by Anne Marie Rowlands, City of Boston Photographer

Cover and divider production by the City of Boston Graphic Arts Department

Cover photo: U.S.S. Constitution sailing in Boston Harbor for its 200th Anniversary

Back Photo: Frog Pond Skating Rink, Boston Common

City of Boston, Massachusetts
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 1997

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INTRODUCTORY SECTION



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Auditing Department

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December 11, 1997

***The Honorable Mayor and
Members of the City Council:***

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Boston for the fiscal year ended June 30, 1997. The accuracy of the financial statements together with the completeness and fairness of their presentation are the responsibility of the City's management. The enclosed data are accurate in all material respects and all disclosures necessary have been included to present fairly the financial position of the City. The financial position and results of operations of the various funds and account groups have been prepared in accordance with generally accepted accounting principles (GAAP), as established by the Governmental Accounting Standards Board (GASB). The requirements of State finance law of the Commonwealth of Massachusetts and the City Charter have also been satisfied.

The report is presented in three sections: (1) the Introductory Section includes general information about the City and summarizes financial activity for the fiscal year; (2) the Financial Section includes the Independent Auditors' Report on the City's general purpose financial statements, the General Purpose Financial Statements and the Combining and Individual Fund Financial Statements and Schedules for the various funds and account groups including required supplemental information; and (3) the Statistical Section includes financial data, debt computations, and a variety of demographic, economic and supplemental statistical information concerning the City.

In addition to all funds and account groups of the City, the report includes component units included in the City's reporting entity because of the significance of their operational or financial relationship with the City as required by GASB #14. The State-Boston Retirement System (SBRS) has been presented as a blended component unit because it provides services almost exclusively to the primary government. Discretely presented component units are reported in a separate column to emphasize that they are legally separate from the City but are included because the City is financially accountable for or is able to impose its will on the organization. The following component units have been discretely presented in the General Purpose Financial Statements: Boston Redevelopment Authority, Economic Development Industrial Corporation, Boston Public Health Commission and Trustees of the Boston Public Library.

The Commonwealth of Massachusetts, through Chapter 190 of the Acts of 1982, requires that the City undergo an annual audit performed by a firm of independent public accountants. The City has selected the firm of KPMG Peat Marwick LLP to perform the June 30, 1997 audit. This audit is conducted in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. The audit provides an independent review to help assure a fair presentation of the City's financial position and results of operations.

Thomas M. Menino, Mayor
Sally D. Glora, City Auditor

The City also undergoes an annual audit of its Federal grant funds as required by the Single Audit Act. KPMG Peat Marwick LLP issues separate reports on the City's internal control systems and compliance with applicable laws and regulations that meet the requirements of the Single Audit Act and Office of Management and Budget Circular A-133.

Economic Conditions and Outlook

The City of Boston is the economic hub of both the Commonwealth of Massachusetts and the New England region. It is a center for professional, business, financial, higher education and medical services as well as transportation, communication, export, cultural and entertainment activities. Boston is also the State capital and the host to several federal agency offices. High technology, tourism, research and development, manufacturing, wholesale and retail distribution also contribute to the economy of the City and its suburbs.

The City of Boston is the twentieth largest city in the United States. In 1996, the City had a population of 558,394, as estimated by the Bureau of the Census, and had 636,584 jobs as reported by the U.S. Bureau of Economic Analysis from data of the Massachusetts Department of Employment and Training. The ratio of jobs to population indicates that the City provides a direct source of employment and income for an area which extends well beyond its borders. Measured in terms of jobs, the City's economy comprises approximately 17 percent of the Massachusetts economy and 8 percent of that of the six New England states. The population of Boston is young with a median age of 30.3 years old, in part because of the high concentration of younger adults who come to the City to attend school or to work. Another characteristic of Boston's population is shown by the racial and ethnic diversity of its residents: the racial composition is 59% white and 41% minority.

Current Economic Conditions

Economic trends for Boston remain positive, with increasing employment, declining unemployment rates, strong performance in the office and hotel markets, increasing sales volume and rising values in residential real estate, over \$1.08 billion of private development construction investment in fiscal year 1997, and several large public sector projects underway to improve the infrastructure capacity of the City.

The number of employed City of Boston residents increased from 278,211 to 284,221 between October, 1996 and October, 1997, an increase of 2.3%. Boston's unemployment rate continues to decline. As of October, 1997, 11,001 Boston residents were unemployed reflecting an unemployment rate of 3.7%, slightly above the Massachusetts rate of 3.3% but well below the national rate of 4.4%.

Between 1986 and 1996, City of Boston employment continued to shift from traditional labor intensive manufacturing jobs to technology and service jobs. Over the past ten years, the City's service industries, including transportation, communication, public utilities, finance, insurance and the full range of services, expanded their share of the City's total employment to 66% in 1996 from 61% in 1986, while the total employment in manufacturing and trade declined to 5% from 6% and to 12% from 14%, respectively.

According to the Greater Boston Convention and Visitors Bureau (CVB), an estimated 10.9 million people will visit the Boston metropolitan area in 1997. This represents an increase of 2.8% over the 10.6 million visitors in 1996 and a 9.0% increase over the 10.0 million visitors in 1995. Every year there are a wide variety of special events in Boston including food, cultural and musical events, ethnic celebrations, harbor, seaport and river festivals, parades, and collegiate and professional sporting events which attract many visitors. An estimated 75 such events occur annually in addition to the regular schedules of the three major professional sports teams - the Bruins, Celtics and Red Sox. In a noteworthy event this year, Boston celebrated the 200th birthday of the U.S.S. Constitution, the oldest commissioned warship in the U.S. Navy which permanently resides in the Charlestown neighborhood of Boston.

Commercial Markets

Boston's major retail districts include Downtown Crossing and Faneuil Hall Marketplace along with Copley Place, the Prudential Center and Boylston and Newbury Streets located in the Back Bay section of the City. Retail sales in the City of Boston are estimated at \$5 billion annually. At least three major retail developments Downtown and in the Back Bay are currently in the planning stages. Throughout the neighborhoods of Boston, 15 Main Street business districts are being revitalized with intensive renewal projects. As of mid-1997, the Main Streets Program has generated 85 new businesses and created 539 new jobs. In addition, ten new supermarkets have recently been built in the neighborhoods across the City.

The hotel market in Boston continues to be one of the nation's best. An occupancy rate of 78.4% was reported for 1996, well above the national city average. Coupled with an average daily room rate of \$145.91, these indicators reflect the strength of the Boston hotel market. The first ten months of 1997 have seen growth in occupancy of 2.4% and growth in average room rate of 10.9% over the same ten month period in 1996. The number of hotel rooms in the City has risen to 12,220 in 1997 with 5 hotels containing 1,326 rooms under construction as of October, 1997. An additional six hotel projects with 1,037 rooms have also been approved by the Boston Redevelopment Authority, while eight other hotel projects have been proposed.

Among the twenty largest office markets, Boston ranks first in terms of vacancy rate. As of June, 1997, the vacancy rate was 5.6% as reported by the CB Commercial Office Vacancy Index. The City currently has 49 million square feet of office space, of which 37 million is rated Class A. In September, 1997, the renovation of a major 600,000 square foot building was the first project to add significant office space to the market in several years. However, over the next several years, at least four major renovations and three new buildings are expected to add over 2.6 million square feet of quality office space to the City.

Housing Market

Both housing sales volume and housing prices in Boston and the surrounding areas have shown continued strength over the last four years. A total of 4,000 non-condominium residential sales for 1996, representing an increase of 3.0% over 1995, were reported by Banker & Tradesman, a local trade journal. Sales of condominium units also increased from 2,746 in 1995 to 3,396 in 1996, representing a 23.7% increase. During the first two quarters of calendar year 1997, the trends continued with a 7.1% rise in residential sales and a 9.0% increase in condominium sales over the

same two quarters in 1996. The National Association of Realtors reported that the median sale price of existing homes in the Boston metropolitan area was \$189,300 for 1996, a 5.8% increase from 1995 prices. Residential development in Boston has accelerated in the past two years. Along with two completed projects, planning and permitting are underway for five major market-rate housing developments in the Downtown area which will add over 1,260 units to the City. In addition, smaller market-rate residential developments are also occurring in the neighborhoods of the City. Affordable housing development also continues to be emphasized by the City. Over 350 units were recently completed across the City with 37 affordable developments underway which will yield approximately 725 new and rehabilitated units for City residents. In addition, another 34 affordable housing projects were pending as of fiscal year-end 1997.

Seaport and Airport

The City of Boston is a major national and international air terminus, a seaport and the center of New England's rail, truck and bus service. The City is served by three limited-access interstate highways which connect it to the national highway system: U.S. 90 (Massachusetts Turnpike), which transverse the State from Boston to the New York State border; U.S. 95, the East Coast's principal north-south highway, which connects Boston to Portland, Maine to the north and New York City and Washington, D.C. to the south; and U.S. 93, another north-south highway that extends from just south of Boston to New Hampshire. The City is also served by two national railroads, Amtrak and Conrail; a regional rail carrier, Boston and Maine; and a local carrier, Bay Colony.

The Massachusetts Port Authority (Massport) was created by the State legislature to develop and manage the City's major air and sea transportation centers and the Tobin Memorial Bridge which spans the Mystic River. Massport is financially independent and the City of Boston is not responsible for any debt or other obligations incurred by Massport. Massport has developed a long range capital program of approximately \$2.8 billion for improvements at its facilities, most of which are located within the City. The capital program is expected to accommodate parking and vehicle unloading, to increase roadways and terminal and cargo capacity, and to result in other improvements, principally at Logan Airport.

The Port of Boston serves the six-state New England region and beyond as a natural deep-water berth, providing access to world ports as well as feeder service several times weekly to Halifax, Canada and the Port of New York and New Jersey. The City's port activity includes handling bulk and general cargo, providing ship repair supply services, offering customs and international trading services, providing storage facilities and other commercial maritime services. The Port of Boston is also a major cruise port which hosted a record 61 cruise ships with an estimated 100,000 passengers during the 1997 cruise season. The cruise port mainly operates between May and October.

In 1997, Logan International Airport was served by 55 domestic and international airlines and served a total of 25 million passengers making it the most active airport in New England. According to the Airports Association Council International, Logan ranks as the 17th most active airport in the nation and 26th most active in the world. In addition, Logan Airport serves as a center for processing domestic and international air cargo. Total cargo at Logan reached 767 million tons of freight shipped and 157 million pounds of mail handled in fiscal year 1997.

Economic Outlook

The outlook for the economy continues to be positive. Investment by the private sector was over \$1.08 billion for active construction projects in fiscal year 1997. Together with several large public sector projects, which will improve the infrastructure of the City, these investments serve as an indicator that the economy is poised for continued growth.

For the balance of the 1990's, the Boston metropolitan area will continue to be the site of several major public sector projects. These projects include the depression of the Central Artery, a section of U.S. 93, which is the key six-lane elevated interstate highway that carries traffic through the Downtown section of the City and the construction of a four-lane tunnel, the Ted Williams Tunnel, under Boston Harbor connecting the Downtown with Logan Airport and points north. The Ted Williams Tunnel was completed in late 1995 and opened for limited use until the balance of the Interstate 90 extension under the Fort Point Channel is completed. Intended to improve traffic flow within the City, these two projects are commonly referred to as the Transportation Projects and are under the control of the Commonwealth of Massachusetts. It is estimated that the Transportation Projects will employ 5,000 on-site workers and 10,000 auxiliary workers during the peak years of construction (late-1990s). The cost is estimated to exceed \$10.8 billion and will be funded approximately 84% by federal funds with the Commonwealth supplying the remainder.

The Massachusetts Water Resources Authority (MWRA), an independent State authority, is constructing one of the largest wastewater treatment facilities in the nation. This project, which is being undertaken pursuant to a federal district order, is scheduled for completion in 1999 with a cost of approximately \$3.75 billion. The project is intended to bring wastewater discharges in Boston Harbor into compliance with federal and state requirements. Funding for the project is through state and federal grants and loans and the issuance by MWRA of revenue bonds backed by rates and charges paid by users.

Another project currently being considered is the construction of the Boston Convention and Exhibition Center to be located on Summer Street near the Fort Point waterfront. The Massachusetts legislature, overriding the Acting Governor's veto, enacted legislation authorizing joint development of the convention center by the City of Boston and the Massachusetts Convention Center Authority (MCCA). The City, acting through the Boston Redevelopment Authority (BRA), is authorized and directed by the legislation to acquire the site for the convention center and to carry out all required demolition, site preparation and environmental remediation. The MCCA will be responsible for the design and construction of the project, subject to planning review by the BRA, and will operate the convention center upon completion. The enabling legislation requires investment of approximately \$695 million to develop an approximately 2.8 million square foot convention and exhibition center on a 60 acre site. The convention center development plan calls for the facility to contain approximately 600,000 square feet of contiguous exhibition space as well as ballrooms, meeting rooms, banquet and lecture halls, and underground parking. The convention center will be funded by a combination of City revenue sources and those of the Commonwealth of Massachusetts including new or increased levies on hotel occupancy and car rentals. Neither the BRA nor the MCCA is authorized to commence the project until, among other things, the City Council and the Mayor have: 1) approved the project as described in a convention center development plan prepared by the BRA, and 2) approved loan orders for all City indebtedness required to finance the City's share of the project costs. The legislation also requires

the construction or approval of 4,800 new hotel rooms prior to the release of scheduled funding. The City Council is expected to consider the convention center development plan and the requisite loan orders for the project by March, 1998. Assuming satisfaction of the requirements of the enabling legislation, site acquisition and construction are expected to commence in fiscal year 1999.

All of these major infrastructure projects increase development investment, resident jobs and wages, and spin-off spending throughout the local economy. In addition, these large public projects, by providing new and improved transportation and water treatment facilities, lay the groundwork for enlarged capacity which will provide support for more private sector development into the 21st century.

Major Initiatives

Thomas M. Menino, Mayor of the City of Boston, was re-elected in November 1997 to a second term which expires in January 2002. Prior to his election in 1993, Mayor Menino, formerly President of the City Council, served as acting Mayor for approximately four months. Mayor Menino continues his commitment to promoting initiatives in the areas of public safety, public health and public education, in addition to a continuing focus on economic development within the City of Boston.

The City of Boston is committed to ensuring the safety and well-being of the families who live in Boston's neighborhoods, and of the people who work in and visit the City. For Boston to attract new businesses and residents, it must provide a safe, secure environment. Over the past several years, investment in public safety has ensured a state of preparedness, enabling safety personnel to protect the lives and property of Boston's residents, workers and visitors. This investment has clearly proven successful as evidenced by the lowest level of violent crime since 1973 and the lowest levels of robberies and break-ins since 1970 and 1967, respectively.

Boston's reputation as a world class center of economic, social and academic opportunity and excellence, relies a great deal upon the success of the City's public schools and libraries in educating and preparing its residents for both the present and the future. Education continues to be among the City's top priorities for investment in both the operating and capital budgets. This investment has focused on three major priorities - improvements in school buildings, literacy, and the use of technology in the classroom. Extensive renovations to school facilities have recently been completed and continue throughout Boston's neighborhoods, including: new roofs and major repairs at 31 schools; masonry work and new or repaired windows at 32 schools; new libraries at two high schools and an upgrade to the library at another; new science laboratories at 5 schools; and the construction of three new Early Learning Centers in the City. The administration has forged new partnerships with local colleges to create hundreds of work-study jobs for literacy projects in the schools and with area businesses who have contributed to the Read Boston program aimed at supplying books to help children discover the power of reading. More than half of all Boston Public Schools have been wired to the Internet and the Mayor has pledged that computers will be supplied to the City's classrooms in a ratio of not less than one computer to every four students.

Promoting the health and well-being of Boston's residents continues to be one of the Mayor's primary initiatives. Promoting the availability of quality and affordable health care and a comprehensive approach to environmental management to ensure healthful, robust families will in turn create strong and productive communities. The Boston Public Health Commission in partnership with the Boston Health Net, a coalition of neighborhood health centers, administers public health services and emergency ambulance services provided by the City. The Boston Medical Center, a non-profit hospital created from the merger of the City's two hospitals with the Boston University Medical Center Hospital, serves as a national model for public-private hospital mergers. Together, these three organizations have allowed Boston to treat more under-insured patients than ever before, to reduced emergency room visits by providing state-of-the-art healthcare in the neighborhoods and to become the number one city in the nation for child immunizations.

Boston's economic standing is greatly enhanced by the many resources - prestigious colleges and universities, state-of-the-art medical institutions, world leading mutual fund companies, a diverse and well-trained workforce, and a location easily accessible by sea, land and air - that help make the City ideal for economic development. To heighten its appeal among prospective new employers and residents, the City created the Boston Empowerment Center as a mechanism to provide small business a comprehensive array of financial and technical assistance to help them start and stay in business. Boston also enjoys designation as an Enhanced Enterprise Community (EEC) through the Department of Housing and Urban Development. The City received \$22 million in economic development funds to complement and be used in concert with Section 108 Loan Guarantee funds. These funds will be used as capital improvement loans for commercial or industrial projects that either produce jobs of which 51% are for low and moderate income residents, or provide a benefit or service to a specific area within the EEC zone.

Boston's five-year (1998-2002) Capital Plan, entitled "*Getting the Job Done*", features 470 projects representing a total investment of nearly \$1.25 billion. The 1998-2002 capital planning process is the City's key asset management system. Since it was initiated in 1985, the planning process has been used to evaluate capital asset conditions, identify capital priorities, forecast the timing and financial requirements of new construction and rehabilitation, and recommend allocation of current and future resources to the Mayor and City Council. The underlying framework for the plan continues to emphasize: (1) the strategic use of infrastructure to promote economic development, neighborhood revitalization, quality education and health care, and public safety; (2) comprehensive planning to lay the foundation for future growth; and (3) effective government management to provide leadership and vision.

CURRENT PROJECTS

The 1998-2002 Capital Plan includes priority projects ranging from improvements to revitalizing Boston's neighborhoods and renovations of thoroughfares, boulevards, bridges, and public squares to plans for establishing the schools, libraries and community centers as learning centers for all. Major themes are reflected in the areas highlighted.

- **Economic Development** - To guide Boston's economic development, a comprehensive plan, *The Boston 400 Project*, will be developed to bring together the best planning and design professionals and initiate a series of public forums to develop a blueprint for enhancing the City's economic well-being. The City of Boston, the Massachusetts Port Authority and

representatives of the community have developed a comprehensive economic plan for the Port of Boston. *The Seaport Economic Development Plan* will be used to develop strategies to further invigorate Boston's waterfront over the next several decades. The *Boston Main Streets Program*, a \$4.2 million private/public partnership between the National Trust for Historic Preservation and the City, has increased its membership to fifteen neighborhood business districts which receive funding for infrastructure improvements and technical assistance to help revitalize business districts and promote economic opportunity.

- Public Safety - The new Police Headquarters in Roxbury's Southwest Corridor was completed and opened in November 1997. The new facility houses a state-of-the-art crime laboratory, a communications center, training rooms and administrative offices. It will also contain the Enhanced 9-1-1 system which enables personnel to respond more quickly and accurately and to dispatch for priority one calls utilizing upgraded Computer Aided Dispatch. Renovations to the Moon Island Fire Training Academy will include basic facility upgrades, enhanced classroom design and improvements to tactile fire training buildings. These renovations will enable the Boston Fire Department to not only prepare firefighters to combat fires, but to instruct trainees in rescue techniques and hazardous materials response. The City's Strategic Replacement Plan for Boston's Fire-Fighting Apparatus is an ongoing plan to replace aging equipment.
- Public Education - Education is a major focus of the 1998-2002 Capital Plan. Boston's stature as a world class city will be enhanced by ensuring that our educational facilities - schools, libraries, and community centers - are equipped to meet the educational needs of our youths, families, and communities. To ensure that Boston's schools are equipped to handle present and future technologies, \$44.4 million will be invested to begin electrical and wiring upgrades and to purchase computers and software for 29 schools. Integral to providing learning opportunities to families Citywide is the Library Department's extensive network of 25 neighborhood branch libraries, the central library and the Kirstein business branch. Within the library system a total of \$47.7 million has been invested since 1993, on projects ranging from extraordinary repairs to the McKim Building, to access improvements for person's with disabilities, to new roofs and HVAC systems at library facilities. The 1998 Capital Plan calls for additional enhancements at 17 branch libraries, upgrades to the Johnson Building which houses the central circulating library and completion of the McKim Building restoration.
- Health and the Environment - The 1998 Capital Plan supports several key Boston Public Health Commission projects including \$25 million in ongoing renovations to public health facilities, primarily at the Boston Medical Center campus. To better serve the public, investment in Emergency Medical Service (EMS) personnel and equipment has increased, including funds to identify sites and design three new five-bay ambulance garages. In addition, a site study for a new ambulance repair facility is planned. The City's strong commitment to environmental issues is evidenced by the establishment of an Environmental Services Cabinet - the first in the nation.
- Government Effectiveness - Capital investment has supported the City's commitment to efficient, effective municipal management by building a physical infrastructure that is strong and adaptive. Substantial investment has been made in capital improvements, technological

advances and equipment for maintenance programs to improve safety conditions, decrease operating costs and provide better service delivery. A new initiative is underway to create a fiber optic network connecting City departments, agencies, facilities and community organizations. The primary objective of the project is to increase communications infrastructure capacity for the City's telecommunications requirements resulting in greatly reduced operating communications costs for the City.

FUTURE PROJECTS

Over \$1 million have been targeted for predevelopment planning and feasibility studies for City Hall Plaza aimed at creating a more inviting and appealing public space. Residents may look forward to concerts, festivals and other activities when plaza renovations are complete. Capital improvements are also planned to the region surrounding City Hall, further enhancing the area's economic appeal. Private investment in the area includes a new hotel and parking garage to be built adjacent to a restored Hanover Street. Once completed, Hanover Street will reconnect residents of Boston's historic North End to the City's Government Center and Financial District.

SERVICE ACCOMPLISHMENTS

Effective July 1, 1996, the City's former Department of Health and Hospitals (DHH), and the separately chartered Trustees of Health and Hospitals (THH), were abolished and all assets, liabilities, rights and powers of both were transferred to and assumed by the Boston Public Health Commission. Also effective July 1, 1996, the operations of the City's two hospitals, Boston City Hospital (BCH) and the Boston Specialty and Rehabilitation Hospital (BSRH), were consolidated with the operations of Boston University Medical Center Hospital. The consolidated hospitals are now operated by Boston Medical Center Corporation under the name Boston Medical Center (BMC). The successfully completed merger of two public hospitals with a private hospital to create a non-profit hospital, committed to continuing the historic BCH mission to "provide excellent and accessible health care services to all in need of care, regardless of status or ability to pay", stands as a model for the nation.

Accounting System and Budgetary Control

The accounts of the City are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise each fund's assets, liabilities, fund balance, revenues and expenses. An integrated computerized financial accounting system is maintained by the Auditing Department to record transactions within these accounts. The Auditing Department also maintains an encumbrance accounting system. This system accounts for the City's purchase orders, service orders and other contractual commitments. The City budgets and maintains its books and records on a statutory basis of accounting prescribed by the Commonwealth of Massachusetts. This basis of accounting differs from generally accepted accounting principles.

The City's management is responsible for establishing and maintaining internal accounting controls designed to provide reasonable, but not absolute, assurance that the assets of the City are safeguarded from loss, theft or misuse. In addition, the internal control structure reasonably assures that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. The City Auditor is responsible for evaluating the adequacy and effectiveness of the control structure, and a periodic evaluation of the control structure's effectiveness is conducted by the Auditing Department.

As a part of its internal control structure, the City maintains budgetary controls. The objective of these controls is to ensure compliance with the legally mandated budget adopted by the City Council. Activities of the General Fund are included in the annual budget. The budgets within the Special Revenue Fund are established based on specific grant requirements or specific legislation, but are not subject to City Council approval. The Capital budget reflects long-term needs financed primarily through issuance of bonds. This multi-year budget is subject to approval by the City Council. Specific budgets are established for each capital project prior to its inception.

The level of budgetary control is established by the function and activity within the individual fund. Budgetary control in this context means the level at which expenditures cannot legally exceed the appropriated amount. In the case of the General Fund, this control is at the department level. In the case of the Special Revenue and Capital Projects Funds, the control is at the grant or project levels respectively. All of these budgetary controls reside within the City's financial system and are monitored by the Office of Budget Management and the Auditing Department to ensure compliance.

The Federal Single Audit Act requires the City to have an annual independent audit conducted on the federal financial assistance it has received. This audit is conducted simultaneously with the City's annual financial statement audit.

A significant portion of the Single Audit work is devoted to evaluating the City's internal control structure. The evaluation includes tests of a significant number of individual federal grant transactions that occurred during the fiscal year. The Single Audit work also requires that the auditor determine whether the organization has complied with laws and regulations that may have a material effect on each of its major federal financial assistance programs. All of the City's major federal programs are evaluated for the adequacy of internal controls and compliance with laws and regulations.

The City's Single Audit report for the year ending June 30, 1997 included no instances of material weaknesses in the internal control structure, nor were any significant violations of the applicable laws and regulations reported. The report is publicly issued under a separate cover. In addition to the annual audit of the federal financial assistance programs, the City also identifies specific grants received from the State for compliance and internal control review by the external auditors.

General Government Functions

The City of Boston, incorporated as a town in 1630 and as a city in 1822, now exists under Chapter 486 of the Acts of 1909 and Chapter 452 of the Acts of 1948 of the Commonwealth of Massachusetts which, as amended, constitute the City's Charter. The Mayor is elected to a four-year term and serves as chief executive officer of the City. The Mayor has general supervision of and control over the City's boards, commissions, officers and departments including all operations of Suffolk County, except county courts. The legislative body of the City is the City Council, which consists of thirteen elected members serving two-year terms. The Mayor and City Council serve as the County Commissioners of Suffolk County.

Combining and individual fund and account group statements and schedules for the City of Boston, which includes Suffolk County and its component units, can be found in the Financial Section of this report. Presented in the following sections are selected financial data reported on a generally accepted accounting principles (GAAP) basis related to the operations of the General Fund, Special Revenue Funds, Capital Projects Funds, Internal Service Fund as well as Trust and Agency Funds administered by the City.

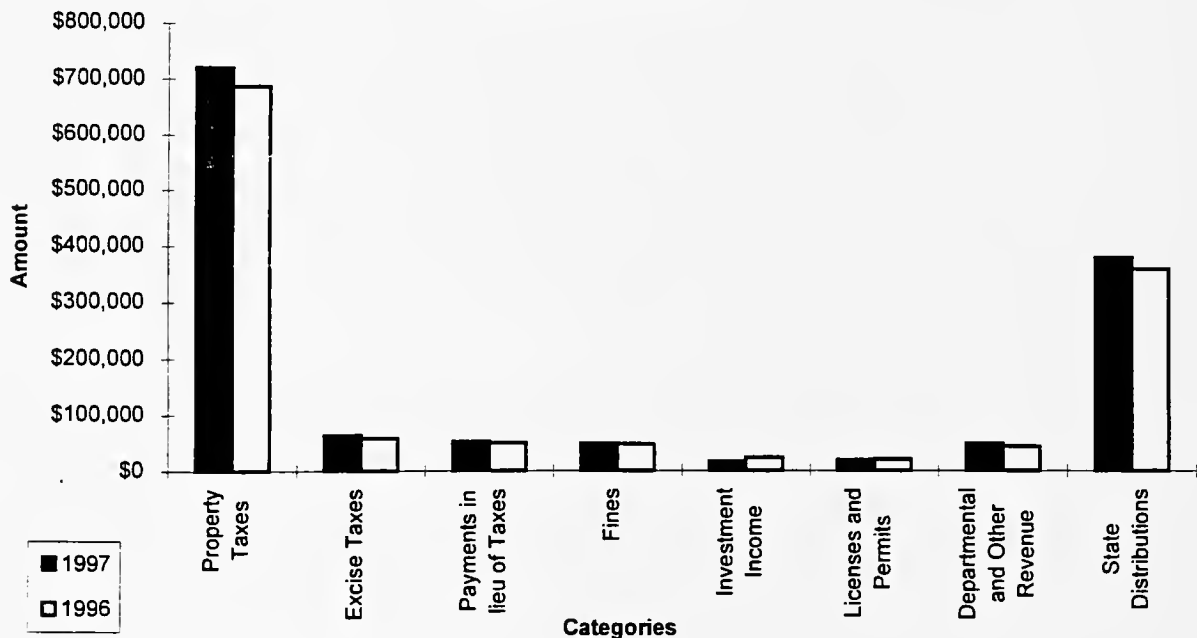
GENERAL FUND

An undesignated fund balance of \$67.2 million was reported at June 30, 1997 as compared to \$66.9 million in 1996. The increase in fund equity is primarily due to an operating surplus generated by greater revenues than anticipated. The following schedules present a summary of General Fund revenues and expenditures along with the amount and percentage increase (decrease) in relation to the prior year:

Comparative General Fund Revenues
GAAP Basis
(\$ Thousands)

Revenues:	1997	%	1996	%	Increase (Decrease)	%
Property Taxes	\$720,577	53.4%	\$687,404	53.4%	\$33,173	4.8%
Excise Taxes	63,539	4.7%	57,339	4.5%	6,200	10.8%
Payments in lieu of Taxes	52,337	3.9%	49,540	3.8%	2,797	5.6%
Fines	48,798	3.6%	47,373	3.7%	1,425	3.0%
Investment Income	16,588	1.2%	22,925	1.8%	(6,337)	(27.6%)
Licenses and Permits	19,009	1.4%	19,970	1.5%	(961)	(4.8%)
Departmental and Other Revenue	47,968	3.6%	42,724	3.3%	5,244	12.3%
State Distributions	380,440	28.2%	360,020	28.0%	20,420	5.7%
Total Revenues	\$1,349,256	100.0%	\$1,287,295	100.0%	\$61,961	4.8%

Revenue Comparison



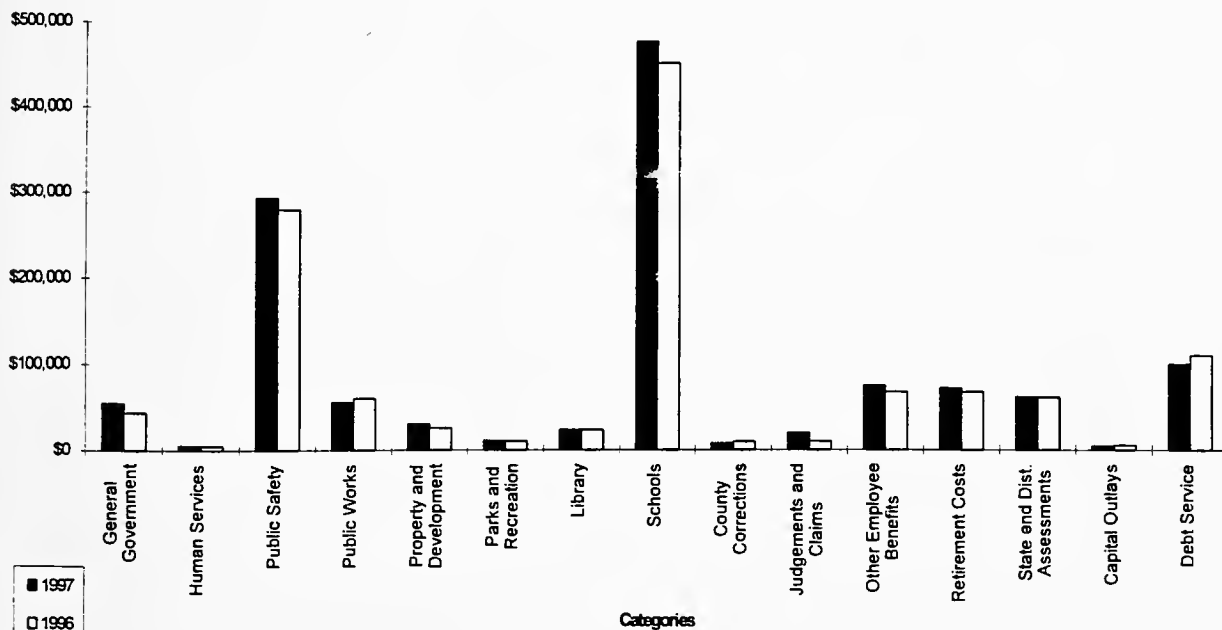
Total revenues for 1997 amounted to \$1.35 billion, an increase of \$62.0 million or 4.8% over 1996. Property tax revenues increased by \$33.2 million, due to an increase in assessed values and new growth. Distributions from the Commonwealth of Massachusetts increased by 5.7% (\$20.4 million) to \$380.4 million. Revenues from Excise Taxes increased \$6.2 million while Departmental and Other Revenue also increased by \$5.2 million. A decrease of \$6.3 million to Investment Income was primarily due to lower yields on investments.

Comparative General Fund Expenditures GAAP Basis (\$ Thousands)

Expenditures:

	1997	%	1996	%	Increase (Decrease)	%
General Government	\$55,358	4.3%	\$44,060	3.6%	\$11,298	25.6%
Human Services	5,256	0.4%	5,062	0.4%	194	3.8%
Public Safety	292,935	22.6%	279,098	22.6%	13,837	5.0%
Public Works	55,843	4.3%	60,700	4.9%	(4,857)	(8.0%)
Property and Development	30,519	2.4%	26,103	2.1%	4,416	16.9%
Parks and Recreation	11,272	0.9%	10,700	0.9%	572	5.3%
Library	24,014	1.9%	23,412	1.9%	602	2.6%
Schools	478,659	36.9%	453,572	36.7%	25,087	5.5%
County Corrections	7,657	0.6%	9,592	0.8%	(1,935)	(20.2%)
Judgements and Claims	20,136	1.6%	9,872	0.8%	10,264	104.0%
Other Employee Benefits	75,693	5.8%	67,989	5.5%	7,704	11.3%
Retirement Costs	72,299	5.6%	68,068	5.5%	4,231	6.2%
State and Dist. Assessments	62,457	4.8%	61,600	5.0%	857	1.4%
Capital Outlays	4,783	0.4%	5,613	0.5%	(830)	(14.8%)
Debt Service	100,523	7.7%	110,481	8.9%	(9,958)	(9.0%)
Total Expenditures	\$1,297,404	100%	\$1,235,922	100%	\$61,482	5.0%

Expenditure Comparison



Expenditures for 1997 increased \$61.5 million (5.0%) compared to 1996 . Spending for the School Department increased by \$25.1 million to \$478.7 million. Improvements to technology, accreditation issues, and increased enrollment in the school system contributed to the increase in school spending. Public Safety spending increased \$13.8 million (5.0%) as additional police officers and firefighters were added to the City's forces. An increase to General Government of \$11.3 million was primarily due to establishment of a reserve for collective bargaining. Judgments and Claims increased by \$10.3 million as several long-standing suits were settled by the City. These increases were partially offset by a decrease of \$10.0 million (9.0%) to Debt Service and a decrease of \$4.9 million (8.0%) in Public Works. The areas of increased spending reflect the administration's priorities of improving education, enhancing public safety and providing quality health care to all Boston residents.

SPECIAL REVENUE FUNDS

The fund balance for the Special Revenue Funds decreased to \$66.1 million in 1997. Total revenues increased by \$38.9 million to \$245.4 million and total expenditures increased by \$38.3 million to \$265.6 million for the period ending June 30, 1997.

CAPITAL PROJECT FUNDS

Revenues for the Capital Project Funds increased by \$1.4 million to \$12.5 million for 1997. Expenditures increased by \$7.7 million to \$132.3 million for the period. The fund balance for the Capital Projects Fund decreased by \$19.3 million to \$29.2 million in 1997.

INTERNAL SERVICE FUND

The Internal Service Fund was created in 1996 to account for the City's Health Insurance Trust Fund. Blue Cross/Blue Shield (BC/BS) acts as a third party agent for the City's employees, retirees and their dependents for payment of expenses incurred under various health indemnification plans utilized by the City. Costs incurred under the BC/BS plans are shared, with 25% paid by employees and retirees and 75% paid by the City. Operating revenues for the Internal Service Fund in 1997 were \$66.8 million and expenses totaled \$58.3 million. The fund deficit at June 30, 1997 was \$11.8 million.

TRUST AND AGENCY FUNDS

The Trust and Agency Funds are used to account for trustee and agency relationships that the City maintains with its employees, other governments (federal and state), private corporations and individual donors and benefactors. The City's largest Trust Fund is the State-Boston Retirement System (S-BRS). Information about this fund is included in the following section entitled "Pension Funds." The resources of the nonexpendable and expendable trust funds are used primarily to provide additional benefits to the City's residents and the City's employees. Resources from these funds are used for certain infrastructure improvements, purchase of equipment, scholarships for Boston Public School students, and jobs and affordable housing for the neediest residents of the City. The City also holds funds as an agent primarily for other governmental units. The funds held within the agency fund are to provide for an employee deferred compensation plan.

In aggregate, the trust funds had a total equity of \$2.14 billion at June 30, 1997, reflecting an increase of \$190.9 million over the balance of 1996. Employee retirement funds account for approximately \$2.06 billion of the total equity amount.

Debt Administration

Direct debt of the City consists principally of the City's outstanding general obligation bonds. On June 30, 1997 the City had outstanding approximately \$602.2 million of long-term fixed interest rate general obligation bonds. All direct debt of the City requires the authorization of the City Council and approval of the Mayor. If the Mayor should veto a loan order passed by the City Council, the Charter of the City provides that the loan order is void and may not be passed over the Mayor's veto. The laws of the Commonwealth provide for a general debt limit for the City consisting of a Normal Debt Limit and a Double Debt Limit. The Normal Debt Limit is 2 1/2% of the valuation of taxable property in the City as last equalized by the State Department of Revenue. The City may authorize debt up to this amount without State approval. The City is also indirectly liable for a portion of debt incurred by the Massachusetts Bay Transportation Authority (MBTA). Additional analysis of the City's debt position, located in the Statistical Section of this report, includes an assumed portion of the net debt of the MBTA based on the City's proportionate assessment for municipalities within the MBTA service area.

The City of Boston was upgraded to "A1" in 1996 from Moody's Investors Service for its assigned rating on general obligation bonds. The City's general obligation bonds are assigned a rating of "A+" from Standard & Poors Rating Group, Inc. These ratings are the highest ever received by the City of Boston and reflect confidence in City management to assume a manageable debt burden as well as continued strong financial performance by the City.

Cash Management

The City's Collector-Treasurer uses pooled cash and investments for all eligible City funds. The goal of this pool is to maximize income while minimizing exposure and ensuring sufficient liquidity to meet the City's payment obligations. All City funds are pooled except for trust funds, certain grant funds, and bond proceeds. The investment of the funds not included in the pool are controlled by various trust agreements, grant regulations, and bond trustee agreements.

The Collector-Treasurer sets the City's investment policies. These policies are governed by portions of Massachusetts General Laws Chapters 29 and 41. The Commonwealth also has a list of approved securities and other investments that the City may use as part of its pool. These approved investments include: (1) securities that have been issued or unconditionally guaranteed by the U.S. government or its agencies with a maturity date of less than one year from the date of purchase; (2) demand, term, and certificates of deposit; (3) repurchase agreements that have a maturity of less than one year guaranteed with U.S. government or its agencies securities with a maturity of less than 90 days; and (4) bonds issued by other states. Additionally, demand, term, and certificates of deposit must be collateralized when they exceed certain levels. Generally, the City's investment policy centers around receiving a competitive yield for its investible cash and minimizing credit and market risks.

All investment earnings, with certain specific exceptions, are included in the General Fund's investment income account. During 1997 the average yield was 5.4% on the investible cash as compared to an average yield of 5.6% for 1996.

Risk Management

The City maintains a Risk Management Council. The council is charged with protecting the City's long-term financial, personnel and community goodwill assets from unexpected risks while also freeing current resources for service delivery. The Council accomplishes its goals by improving information sharing between departments to prioritize efforts, minimizing risks through incident prevention, minimizing costs of actual incidents while upholding responsibility to the claimant and funding risk to minimize the impact of unexpected costs.

The City is self insured in most areas of risk including general liability, property and casualty (except school buses and machinery losses up to \$1 million), workers' compensation,

certain employee health care costs and unemployment compensation. The City's Corporation Counsel defends the City in any lawsuits that arise from the normal course of operations. Except for certain health care costs, judgments and claims are charged to the General Fund.

In fiscal year 1997, the City formulated a comprehensive risk financing strategy, which includes soliciting the City's first competitive bid for excess property and casualty (P&C) insurance and establishing a risk reserve for use when a loss occurs that interferes with the financing of ongoing operations. The reserve will be appropriated \$1.0 million in fiscal year 1998. The premium for the P&C insurance, if it is determined to be a cost-effective purchase, will be paid from the risk reserve.

The City's health insurance program, administered by the Health Insurance and Benefits Division, a program within Human Resources, provides coverage to the City's employees and retirees through a number of Health Maintenance Organizations (HMOs) and Blue Cross and Blue Shield of Massachusetts (BC/BS). BC/BS acts as a third party agent in the payment of the various claim plans used by the City. Costs incurred for the operation of the BC/BS plans are accounted for in an Internal Service Fund. Costs to the City for the HMOs are accounted for in the General Fund.

Pension Funds

The City participates in a contributory retirement system, the State-Boston Retirement System (S-BRS). The City is the largest member of S-BRS, a cost-sharing multiple employer public employee system operated under Chapter 32 of the Massachusetts General Laws (MGL) as amended by Chapter 306 of the Acts of 1996. The S-BRS provides retirement, disability and death benefits to plan members and beneficiaries. Each participating employer's share of the total annual contribution is determined on the basis of active payroll.

In 1988 the S-BRS system became a funded system in accordance with the Pension Reform Act (MGL Chapter 697). Prior to that, it had been a pay-as-you-go system. This change was further amended by MGL Chapter 450 in 1991. As a consequence the City committed itself to funding based upon a schedule approved by the S-BRS and the State actuary, which includes paying the current year's estimated present value of benefits earned during the year (normal cost) and an annual contribution toward reducing the unfunded liability to zero by the year 2020. The schedule is subject to update and approval at least every three years by the Public Employee Retirement Administration Commission (PERAC), a State agency established to oversee all 104 local Massachusetts public retirement systems. The annual appropriation, based on the approved funding schedule, is a legal obligation of the City that must be included as part of the tax rate certification by the Commonwealth of Massachusetts.

In accordance with MGL Chapter 17 of the Acts of 1997, future cost of living adjustments are a local option of city, town and county retirement systems and municipal governments. The S-BRS board has approved the local option, which now requires City Council and Mayoral approval for final passage. The earliest pay period for which a locally funded cost of living adjustment can be awarded is fiscal year 1999.

The City also operates the Boston Retirement System (BRS). BRS is the predecessor to S-BRS and is open to employees and retirees of the City whose employment began prior to 1946. BRS was not subject to MGL Chapter 697 and is funded on a pay-as-you-go basis. The operations of BRS are not material to the City as a whole.

Other Information and Acknowledgments

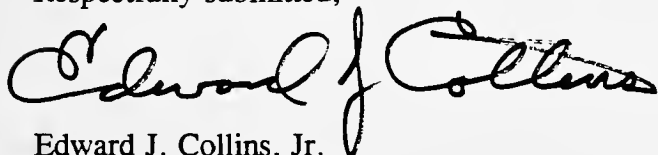
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Boston for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 1996. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

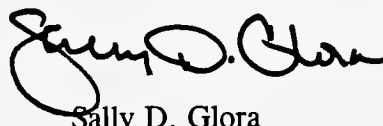
A Certificate of Achievement is valid for a period of one year only. The City of Boston received a Certificate of Achievement for the second consecutive year in fiscal year 1996. We believe that our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

We would like to express our appreciation to the staff of the Accounting and Financial Reporting Program and all the members of the Auditing Department staff whose professionalism and dedication made the timely preparation of the CAFR possible. We also wish to thank the professional staff of KPMG Peat Marwick LLP for their counsel, technical assistance, and encouragement in the preparation of this CAFR. Several other City departments and agencies provided additional information and assisted in the CAFR preparation. We gratefully acknowledge their efforts and contributions to this report. Finally, we wish to thank you for your continued interest in the financial operations of the City, and for the planning and support necessary to conduct the City's financial operations in a responsible manner.

Respectfully submitted,



Edward J. Collins, Jr.
Chief Financial Officer



Sally D. Glora
City Auditor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Boston,
Massachusetts

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1996

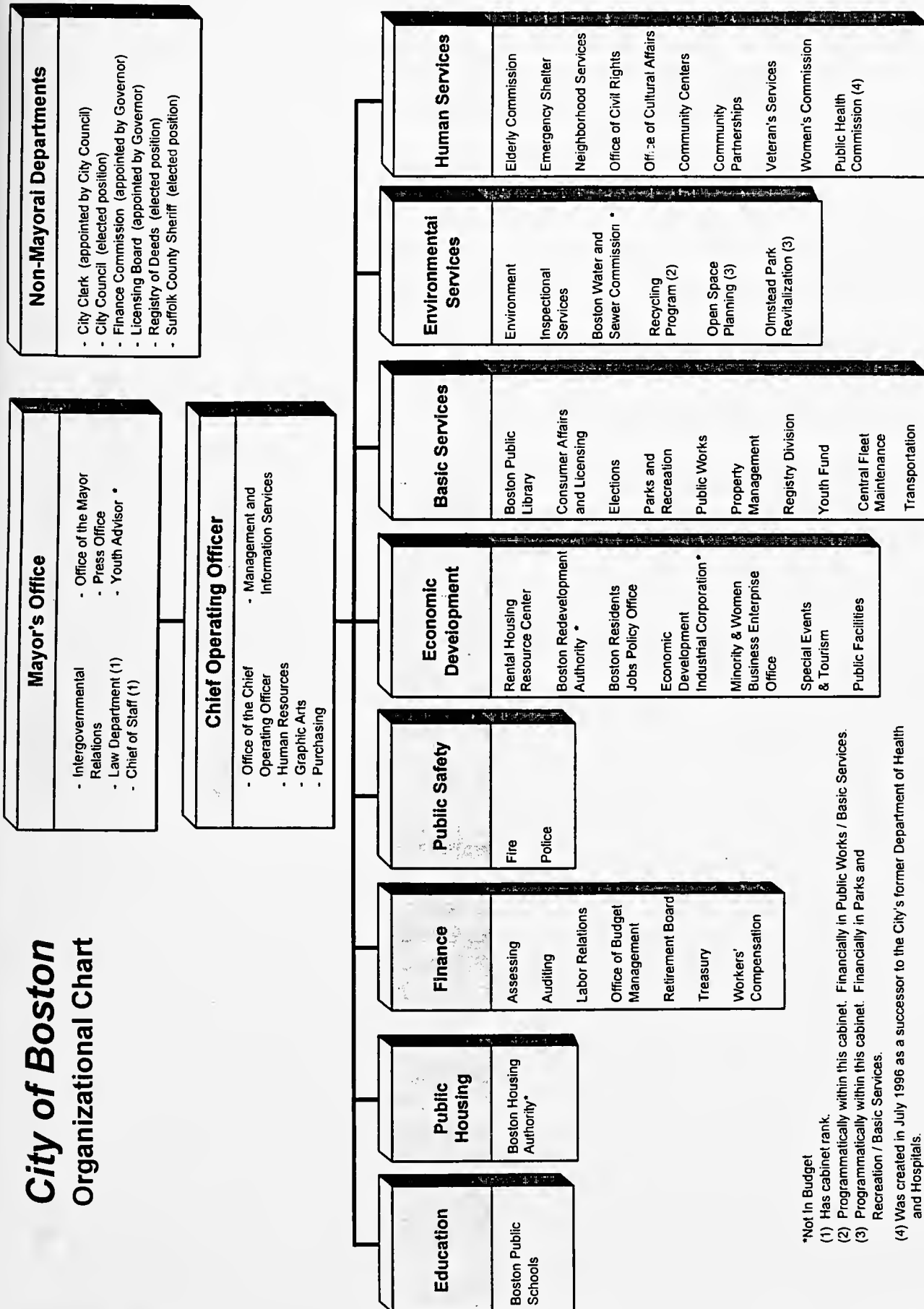
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda K. Savitsky
President

Jeffrey L. Esser
Executive Director

City of Boston Organizational Chart



*Not In Budget

(1) Has cabinet rank.

(2) Programatically within this cabinet. Financially in Public Works / Basic Services.

(3) Programatically within this cabinet. Financially in Parks and Recreation / Basic Services.

(4) Was created in July 1996 as a successor to the City's former Department of Health and Hospitals.

Elected and Appointed Officials

Mayor

Thomas M. Menino

City Council Members

James M. Kelly (President).....	District 2
Margaret E. Davis-Mullen	At-Large
Stephen P. Murphy.....	At-Large
Albert L. O'Neil	At-Large
Francis M. Roache	At-Large
Diane J. Modica	District 1
Maureen E. Feeney	District 3
Charles C. Yancey	District 4
Daniel F. Conley	District 5
Maura A. Hennigan.....	District 6
Gareth R. Saunders	District 7
Thomas M. Keane	District 8
Brian J. Honan	District 9

Suffolk County Officials

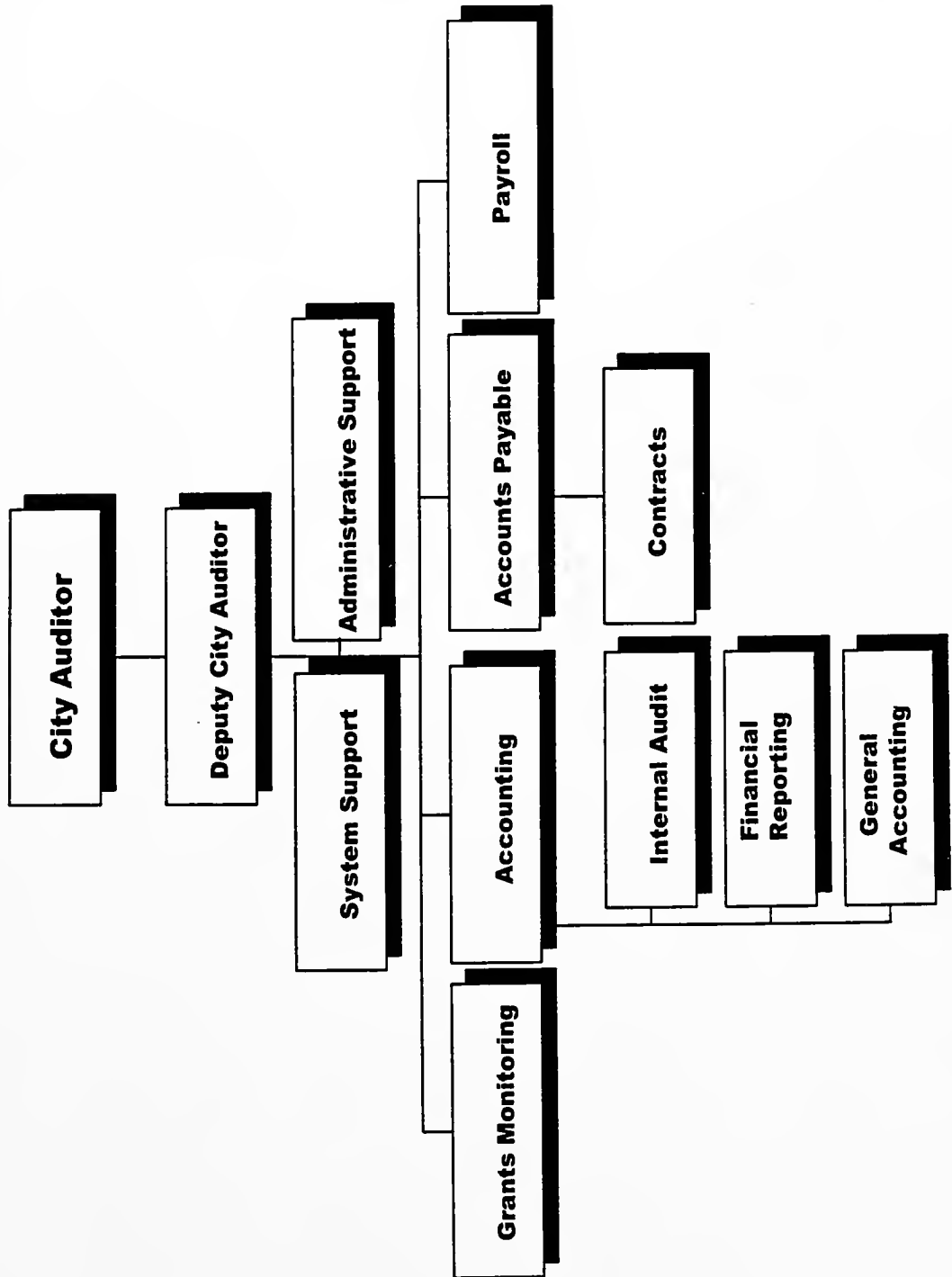
Richard Rouse.....	Sheriff
Paul Tierney.....	Registrar of Deeds

Appointed City Executive Branch Members

David A. Passafaro.....	Chief of Staff
Dennis A. DiMarzio.....	Chief Operating Officer
Edward J. Collins, Jr.	Chief Financial Officer and Collector-Treasurer
Thomas N. O'Brien.....	Chief Economic Development Officer
Thomas W. Payzant	Chief of Education
Juanita Brooks-Wade	Chief of Human Services
Michael Galvin.....	Chief of Basics Services
Cathleen Douglas-Stone.....	Chief of Environmental Services
Paul E. Evans	Chief of Public Safety (Police Department)
Martin E. Pierce, Jr.	Chief of Public Safety (Fire Department)
Merita A. Hopkins	Corporation Counsel
Sandra B. Henriquez	Chief of Public Housing

Auditing Department

Organizational Chart



Auditing Department Personnel

Sally D. Glora, City Auditor

Dennis J. Coughlin, Deputy City Auditor

Magnolia Amador
Sik T. Ang
Martha C. Ayure
Dolores A. Basile
Allan M. Brodsky
Valerie Burton
Elvira Carnazzo
Chiu-Lan Cheng
Mary Ann Creedon
Mary J. Falzarano
Coleman G. Flaherty
Carlson R. Hinds
Lillian B. Laurano
Janine London
Teresa A. Lynch
Mary C. Mauillo
Sheila A. McGonagle

Theresa McNair
Carolyn Michelman
Nelly Montes
David P. Nero
Christine M. Opila
Jennette M. Prosser
Mary L. Raysor
Charles H. Rigg
Stephen L. Roberts
Alfred M. Russo
Thomas J. Settipani
Ming C. Su
Genesis Phan Tan
Julie A. Tippet
Richard Thompson
Stanley J. Wallace
Paul F. Waple

FINANCIAL SECTION

This section is comprised of the independent auditor's report, general purpose financial statements, the combining and comparative fund statements, and required supplementary information.

FINANCIAL SECTION

Independent Auditors' Report

The Honorable Mayor and City Council of the
City of Boston, Massachusetts:

We have audited the general purpose financial statements of the City of Boston, Massachusetts, as of and for the year ended June 30, 1997, as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of certain entities and accounts that aggregate the following percentages of total assets and revenues:

	<u>Percentage of</u>	
	<u>Total assets</u>	<u>Total revenues/additions</u>
Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units:		
Trust and Agency Funds	93%	N/A*
Discretely Presented Component Units	17%	N/A
Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types, Expendable Trust Funds and Discretely Presented Component Units:		
Expendable Trust Funds	N/A	100%
Combined Statement of Revenues, Expenses and Changes in Fund Equity - All Proprietary Fund Types, Nonexpendable Trust Funds and Discretely Presented Component Units:		
Nonexpendable Trust Funds	N/A	100%
Discretely Presented Component Units	N/A	100%
Combined Statement of Changes in Plan Net Assets - Pension Trust Funds:		
Pension Trust Funds	N/A	100%

*N/A = not applicable.

Those statements were audited by other auditors whose reports have been furnished to us, and our opinion expressed within, insofar as it relates to the amounts included for those entities and accounts, is based solely upon the reports of the other auditors.

The Honorable Mayor and City Council of the
City of Boston, Massachusetts:

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of the other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Boston, Massachusetts, as of June 30, 1997, and the results of its operations and the cash flows of its proprietary and nonexpendable trust funds for the year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a separate report dated November 17, 1997 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

We did not audit the introductory and statistical sections as listed in the table of contents and therefore express no opinion thereon.

The schedule of historical pension information on page 35 is not a required part of the general purpose financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

KPMG Peat Marwick LLP

November 17, 1997

CITY OF BOSTON, MASSACHUSETTS

Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units

June 30, 1997
(in thousands)

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	ACCOUNT GROUPS			Total (Memorandum only) Primary Government	Component Units	Total (Memorandum only) Reporting Entity
	General	Special Revenue	Capital Projects	Internal Service	Trust and Agency		General Assets	Fixed Assets	Long-Term Obligations			
Assets												
Cash and investments (note 3)	\$ 254,640	102,294	47,033	-	2,060,061		-	-	-	2,464,028	83,379	2,547,407
Restricted cash and investments (note 3)	16,280	4,175	-	-	158,369		-	-	-	178,824	7,087	185,911
Receivables (net, where applicable, of allowance for estimated uncollectible amounts):												
Property taxes	103,861	-	-	-	-		-	-	-	103,861	-	103,861
Motor vehicle excise	1,682	-	-	-	-		-	-	-	1,682	-	1,682
Intergovernmental	35,316	19,110	-	-	30,495		-	-	-	84,921	4,722	89,643
Third-party payors	-	-	-	-	-		-	-	-	-	3,491	3,491
Departmental and other	4,931	802	-	900	35,057		-	-	-	41,690	86,136	127,876
Total receivables	<u>145,790</u>	<u>19,912</u>	<u>-</u>	<u>900</u>	<u>65,552</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>232,154</u>	<u>94,399</u>	<u>326,553</u>
Due from other funds (note 6)	5,475	174	-	777	58,387		-	-	-	64,813	-	64,813
Due from component units (note 6)	191,280	-	-	135	-		-	-	-	191,415	-	191,415
Due from BMC (note 13)	1,569	-	-	-	-		-	-	-	1,569	169,997	171,566
Other assets	-	-	-	-	-		-	-	-	-	1,009	1,009
Property, plant and equipment, net of accumulated depreciation (note 5)	-	-	-	-	191		695,077	-	-	695,268	45,998	741,266
Amount to be provided for the retirement of general long-term obligations	-	-	-	-	-		-	-	925,137	925,137	188,484	1,113,621
Total assets	<u>\$ 615,034</u>	<u>126,555</u>	<u>47,033</u>	<u>1,812</u>	<u>2,342,560</u>		<u>695,077</u>	<u>-</u>	<u>925,137</u>	<u>4,753,208</u>	<u>590,353</u>	<u>5,343,561</u>

See accompanying notes to general purpose financial statements.

(Continued)

CITY OF BOSTON, MASSACHUSETTS

Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units

June 30, 1997
(in thousands)

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES		ACCOUNT GROUPS			Total (Memorandum only)		Total (Memorandum only) Reporting Entity
	General	Special Revenue	Capital Projects	Internal Service	Trust and Agency	General Fixed Assets	Long-Term Obligations	Primary Government	Component Units				
Liabilities													
Warrants and accounts payable	\$ 93,487	23,093	16,377	3	36,965	-	-	169,925	62,242		232,167		
Accrued liabilities:													
Tax abatement refunds	94,096	-	-	-	-	-	4,000	98,096	-		98,096		
Judgments and claims (note 14)	-	-	-	11,192	-	-	30,500	41,692	528		42,220		
Retirement costs	-	-	-	-	-	-	-	-	2,843		2,843		
Sick and vacation	-	-	-	-	-	-	83,741	83,741	1,032		84,773		
Other	33,672	35,797	-	-	5,763	-	-	75,232	12,874		88,106		
Due to other funds (note 6)	777	1,582	1,506	2,420	222	-	-	6,507	-		6,507		
Due to primary government (note 6)	-	-	-	-	-	-	-	-	191,415		191,415		
Due to BMC	-	-	-	-	-	-	-	-	9,553		9,553		
Deferred revenue	286,512	-	-	-	-	-	-	286,512	199,699		486,211		
Deferred compensation benefits payable (note 12)	-	-	-	-	158,369	-	-	158,369	2,709		161,078		
Matured interest and bonds payable	641	-	-	-	-	-	-	641	-		641		
Obligations under capital leases (note 7)	-	-	-	-	-	-	20,931	20,931	-		20,931		
Bonds and notes payable (note 7)	-	-	-	-	3,348	-	785,965	789,313	22,143		811,456		
Total liabilities	<u>509,185</u>	<u>60,472</u>	<u>17,883</u>	<u>13,615</u>	<u>204,667</u>	<u>-</u>	<u>925,137</u>	<u>1,730,959</u>	<u>505,038</u>		<u>2,235,997</u>		
Fund Equity and Other Credits													
Investment in general fixed assets	-	-	-	-	-	695,077	-	695,077	19,863		714,940		
Retained earnings (deficit)	-	-	-	(11,803)	-	-	-	(11,803)	12,355		552		
Fund balances:													
Reserved for:													
Trust fund endowments	-	-	-	-	49,891	-	-	49,891	43,338		93,229		
Encumbrances and continuing appropriations	22,385	62,856	158,763	-	3,246	-	-	247,250	37		247,287		
Reserve for debt service	16,280	-	-	-	-	-	-	16,280	-		16,280		
Employees' pension benefits	-	-	-	-	2,062,471	-	-	2,062,471	-		2,062,471		
Unreserved:													
Undesignated	67,184	3,227	(129,613)	-	22,285	-	-	(36,917)	9,722		(27,195)		
Total fund equity (deficit) and other credits	<u>105,849</u>	<u>66,083</u>	<u>29,150</u>	<u>(11,803)</u>	<u>2,137,893</u>	<u>695,077</u>	<u>-</u>	<u>3,022,249</u>	<u>85,315</u>		<u>3,107,564</u>		
Contingencies (note 14)													
Total liabilities, equity and other credits	\$ 615,034	126,555	47,033	1,812	2,342,560	695,077	925,137	4,753,208	590,353		5,343,561		

See accompanying notes to general purpose financial statements.

CITY OF BOSTON, MASSACHUSETTS

Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types, Expendable Trust Funds and Discretely Presented Component Units

Year ended June 30, 1997
(in thousands)

	<u>GOVERNMENTAL FUND TYPES</u>			<u>FIDUCIARY</u> <u>FUND TYPE</u>	Total (Memorandum only)		Total (Memorandum only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	<u>Primary Government</u>	<u>Component Units</u>	<u>Reporting Entity</u>
Revenues:							
Local:							
Real and personal property taxes, net (note 4)	\$ 720,577	-	-	-	720,577	-	720,577
Excises	63,539	-	-	-	63,539	-	63,539
Payments in lieu of taxes	52,337	-	-	-	52,337	-	52,337
Fines	48,798	-	-	-	48,798	-	48,798
Investment income	16,588	-	-	1,289	17,877	1,184	19,061
Licenses and permits	19,009	-	-	-	19,009	-	19,009
Departmental and other revenue	<u>47,968</u>	<u>22,877</u>	<u>2,116</u>	<u>4,471</u>	<u>77,432</u>	<u>28,973</u>	<u>106,405</u>
Total local revenues	<u>968,816</u>	<u>22,877</u>	<u>2,116</u>	<u>5,760</u>	<u>999,569</u>	<u>30,157</u>	<u>1,029,726</u>
Intergovernmental:							
Federal	-	128,055	220	-	128,275	35,308	163,583
Commonwealth of Massa- chusetts	<u>380,440</u>	<u>94,515</u>	<u>10,205</u>	<u>-</u>	<u>485,160</u>	<u>-</u>	<u>485,160</u>
Total intergovern- mental revenues	<u>380,440</u>	<u>222,570</u>	<u>10,425</u>	<u>-</u>	<u>613,435</u>	<u>35,308</u>	<u>648,743</u>
Total revenues	<u>1,349,256</u>	<u>245,447</u>	<u>12,541</u>	<u>5,760</u>	<u>1,613,004</u>	<u>65,465</u>	<u>1,678,469</u>
Expenditures:							
Current:							
General government	55,358	25,207	-	1,009	81,574	19,196	100,770
Human services	5,256	4,154	-	467	9,877	-	9,877
Public safety	292,935	21,995	-	-	314,930	-	314,930
Public works	55,843	145	-	181	56,169	-	56,169
Property and development	30,519	-	-	-	30,519	-	30,519
Parks and recreation	11,272	4,389	-	2,697	18,358	-	18,358
Library	24,014	1,164	-	-	25,178	-	25,178
Schools	478,659	65,960	-	24	544,643	-	544,643
County	7,657	71,277	-	-	78,934	-	78,934
Public health programs	-	-	-	-	-	53,730	53,730
Judgments and claims	20,136	-	-	-	20,136	-	20,136
Retirement costs (note 8)	72,299	-	-	-	72,299	20,129	92,428
Other employee benefits	75,693	-	-	-	75,693	-	75,693
State and district assessments	62,457	-	-	-	62,457	-	62,457
Community development	-	63,769	-	-	63,769	-	63,769
Assistance payments to BMC (note 13)	-	-	-	-	-	7,000	7,000
Subsidies to BMC and EMS (note 13)	-	-	-	-	-	5,811	5,811
Capital outlays	4,783	6,102	131,096	-	141,981	2,929	144,910
Debt service	<u>100,523</u>	<u>1,486</u>	<u>1,250</u>	<u>-</u>	<u>103,259</u>	<u>-</u>	<u>103,259</u>
Total expenditures	<u>1,297,404</u>	<u>265,648</u>	<u>132,346</u>	<u>4,378</u>	<u>1,699,776</u>	<u>108,795</u>	<u>1,808,571</u>
Excess (deficiency) of revenues over expenditures	<u>51,852</u>	<u>(20,201)</u>	<u>(119,805)</u>	<u>1,382</u>	<u>(86,772)</u>	<u>(43,330)</u>	<u>(130,102)</u>

See accompanying notes to general purpose financial statements.

(Continued)

CITY OF BOSTON, MASSACHUSETTS

Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types, Expendable Trust Funds and Discretely Presented Component Units

Year ended June 30, 1997
(in thousands)

	<u>GOVERNMENTAL FUND TYPES</u>			<u>FIDUCIARY FUND TYPE</u>	Total (Memorandum only)		Total (Memorandum only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	<u>Primary Government</u>	<u>Component Units</u>	<u>Reporting Entity</u>
Other financing sources (uses):							
Proceeds of debt and capital leases (note 7)	-	-	117,726	-	117,726	-	117,726
Proceeds from refinancing lease purchase agreement (note 7)	-	-	-	-	-	-	-
Payments to escrow agent (note 7)	-	-	-	-	-	-	-
Operating transfers in (note 10)	18,595	-	-	2,994	21,589	-	21,589
Operating transfers out (note 10)	-	(707)	(17,188)	(700)	(18,595)	-	(18,595)
Transfers from component units (note 10)	19,846	-	-	-	19,846	(19,846)	-
Transfers to component units (note 10)	<u>(60,890)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(60,890)</u>	<u>60,890</u>	<u>-</u>
Total other financing sources (uses)	<u>(22,449)</u>	<u>(707)</u>	<u>100,538</u>	<u>2,294</u>	<u>79,676</u>	<u>41,044</u>	<u>120,720</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>29,403</u>	<u>(20,908)</u>	<u>(19,267)</u>	<u>3,676</u>	<u>(7,096)</u>	<u>(2,286)</u>	<u>(9,382)</u>
Fund balance, beginning of year, as previously reported	76,446	89,825	48,417	27,663	242,351	5,929	248,280
Retroactive change in accounting for certain housing loans	-	-	-	(5,808)	(5,808)	-	(5,808)
Reclassification of component units from blended to discrete presentation (note 1)	<u>-</u>	<u>(2,834)</u>	<u>-</u>	<u>-</u>	<u>(2,834)</u>	<u>2,834</u>	<u>-</u>
Fund balance, end of year	\$ <u>105,849</u>	<u>66,083</u>	<u>29,150</u>	<u>25,531</u>	<u>226,613</u>	<u>6,477</u>	<u>233,090</u>

See accompanying notes to general purpose financial statements.

CITY OF BOSTON, MASSACHUSETTS

Statement of Revenues and Expenditures - Budgetary Basis

Year ended June 30, 1997
(with comparative actual amounts for 1996)
(in thousands)

	1997			Variance	1996
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)	Actual
Revenues:					
Real and personal property taxes, net	\$ 710,916	710,916	710,953	37	682,694
Excises	76,031	76,031	89,348	13,317	81,216
Commonwealth of Massachusetts	417,139	417,139	415,066	(2,073)	394,738
Health and hospitals	-	-	-	-	206,819
Departmental and other revenue	34,059	36,546	46,569	10,023	42,962
Fines	45,649	45,649	48,964	3,315	47,238
Payments in lieu of taxes	26,626	26,626	26,377	(249)	25,663
Investment income	10,000	14,017	16,762	2,745	22,856
Licenses and permits	17,235	17,235	17,410	175	19,970
Sale of property	500	500	500	-	500
Other available funds	9,338	9,338	9,200	(138)	7,500
Total revenues	<u>1,347,493</u>	<u>1,353,997</u>	<u>1,381,149</u>	<u>27,152</u>	<u>1,532,156</u>
Expenditures:					
General government	45,340	47,328	58,116	(10,788)	44,920
Human services	5,617	5,617	5,382	235	5,366
Public safety	300,266	301,502	304,123	(2,621)	286,359
Public works	55,690	55,690	57,442	(1,752)	63,150
Property and development	30,964	31,779	30,879	900	27,713
Parks and recreation	11,433	11,613	11,315	298	11,019
Library	21,524	24,016	24,016	-	23,414
Schools	471,768	475,623	475,612	11	456,151
Health and Hospitals	-	-	-	-	282,302
Boston Public Health Commission	60,890	60,890	60,890	-	-
County	7,521	7,684	7,662	22	9,588
Judgments and claims	8,500	8,500	17,938	(9,438)	9,954
Other employee benefits	75,478	75,042	76,889	(1,847)	68,157
Pension costs	107,082	106,277	107,159	(882)	102,054
State and district assessments	62,947	62,947	62,457	490	61,600
Debt requirements	82,473	79,489	78,565	924	78,202
Total expenditures	<u>1,347,493</u>	<u>1,353,997</u>	<u>1,378,445</u>	<u>(24,448)</u>	<u>1,529,949</u>
Excess of net revenues available for appropriation over expenditures	\$ <u>-</u>	<u>-</u>	<u>2,704</u>	<u>2,704</u>	<u>2,207</u>

See accompanying notes to general purpose financial statements.

CITY OF BOSTON, MASSACHUSETTS

Combined Statement of Revenues, Expenses and Changes in Fund Equity - All Proprietary Fund Types, Nonexpendable Trust Funds and Discretely Presented Component Units

Year ended June 30, 1997
(in thousands)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	Total (Memorandum only)	Component Units	Total (Memorandum only)
	Enterprise	Internal Service	Nonexpendable Trusts	Primary Government		Reporting Entity
Revenues:						
Investment income	\$ -	-	4,640	4,640	7,466	12,106
Net unrealized gain	-	-	-	-	1,033	1,033
Contributions and donations	-	66,397	450	66,847	17,010	83,857
Rental income	-	-	-	-	7,543	7,543
Miscellaneous	-	442	-	442	759	1,201
Total operating revenues	-	66,839	5,090	71,929	33,811	105,740
Expenses:						
Salaries and wages	-	-	-	-	8,667	8,667
Professional fees	-	-	-	-	658	658
Administrative and general	-	421	-	421	3,657	4,078
Materials and supplies	-	-	-	-	9,977	9,977
Depreciation	-	-	-	-	1,308	1,308
Bad debts	-	-	-	-	417	417
Health benefits	-	57,869	-	57,869	-	57,869
Subsidies for community services, special programs, and real estate operations	-	-	-	-	11,520	11,520
Total operating expenses	-	58,290	-	58,290	36,204	94,494
Operating income (loss)	-	8,549	5,090	13,639	(2,393)	11,246
Nonoperating revenues and expenses:						
Grant income	-	-	-	-	14,196	14,196
Interest income	-	-	-	-	1,284	1,284
Interest expense	-	-	-	-	(1,048)	(1,048)
Total nonoperating revenue	-	-	-	-	14,432	14,432
Income before operating transfers	-	8,549	5,090	13,639	12,039	25,678
Operating transfers:						
Operating transfers out (note 10)	-	-	(2,994)	(2,994)	-	(2,994)
Total operating transfers	-	-	(2,994)	(2,994)	-	(2,994)
Net income	-	8,549	2,096	10,645	12,039	22,690
Fund equity (deficit), beginning of year, as previously reported	9,990	(20,352)	84,741	74,379	-	74,379
Reclassification of component units from blending to discrete presentation (note 1)	(9,990)	-	(36,946)	(46,936)	46,936	-
Fund equity (deficit), end of year	\$ -	(11,803)	49,891	38,088	58,975	97,003

See accompanying notes to general purpose financial statements.

CITY OF BOSTON, MASSACHUSETTS

Combined Statement of Changes in Plan Net Assets - Pension Trust Funds

Year ended June 30, 1997
(in thousands)

Additions:		
Contributions:		
Employer	\$	127,955
Employee		<u>62,860</u>
Total contributions		<u>190,815</u>
Investment income:		
Realized and unrealized gains on investments		184,402
Interest		<u>50,109</u>
Total investment income		<u>234,511</u>
Intergovernmental		<u>26,626</u>
Total additions		<u>451,952</u>
Deductions:		
Benefits		193,880
Refunds of contributions		28,735
Administrative expenses		<u>1,493</u>
Total deductions		<u>224,108</u>
Net increase		<u>227,844</u>
Net assets held in trust for pension benefits:		
Beginning of year		<u>1,834,627</u>
End of year	\$	<u><u>2,062,471</u></u>

See accompanying notes to general purpose financial statements.

CITY OF BOSTON, MASSACHUSETTS

Combined Statement of Cash Flows - All Proprietary Fund Types, Nonexpendable Trust Funds and Discretely Presented Component Units

Year ended June 30, 1997
(in thousands)

	<u>PROPRIETARY FUND TYPES</u>		<u>FIDUCIARY FUND TYPES</u>	Total (Memorandum only)		Total (Memorandum only)
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Nonexpendable Trusts</u>	<u>Primary Government</u>	<u>Component Units</u>	<u>Reporting Entity</u>
Cash flows from operating activities:						
Operating income (loss)	\$ -	8,549	5,090	13,639	(2,393)	11,246
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Reclassification of investment income	-	-	(4,640)	(4,640)	(7,466)	(12,106)
Depreciation and amortization	-	-	-	-	1,308	1,308
Net unrealized gains	-	-	-	-	(1,033)	(1,033)
Provision for bad debts	-	-	-	-	417	417
Changes in operating assets and liabilities:						
Accounts receivable	-	650	54	704	(281)	423
Intergovernmental receivables	-	-	-	-	1,840	1,840
Investments income receivable	-	-	-	-	(272)	(272)
Other assets	-	-	(119)	(119)	1	(118)
Due to/from other funds	-	(5,765)	(93)	(5,858)	724	(5,134)
Accounts payable	-	-	-	-	(75)	(75)
Other accrued liabilities	-	(3,434)	-	(3,434)	202	(3,232)
Deferred revenue	-	-	-	-	(820)	(820)
Net cash provided (used) by operating activities	-	-	292	292	(7,848)	(7,556)
Cash flows from noncapital financing activities:						
Advances from grantors	-	-	-	-	14,196	14,196
Proceeds from debt	-	-	-	-	245	245
Operating subsidy/transfers-out	-	-	(2,994)	(2,994)	-	(2,994)
Net cash provided (used) by noncapital financing activities	-	-	(2,994)	(2,994)	14,441	11,447
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	-	-	-	-	(905)	(905)
Interest paid on debt	-	-	-	-	(1,048)	(1,048)
Repayment of long-term debt	-	-	-	-	(419)	(419)
Net cash used by capital and related financing activities	-	-	-	-	(2,372)	(2,372)
Cash flows from investing activities:						
Purchase of investment securities	-	-	(2,219)	(2,219)	(17,056)	(19,275)
Proceeds from sale of investment securities	-	-	-	-	8,629	8,629
Investment income	-	-	4,640	4,640	8,750	13,390
Net cash provided by investing activities	-	-	2,421	2,421	323	2,744
Increase (decrease) in cash and cash equivalents	-	-	(281)	(281)	4,544	4,263
Cash and cash equivalents, beginning of year	1,668	-	4,309	5,977	-	5,977
Reclassification of component units	(1,668)	-	(1,691)	(3,359)	3,359	-
Cash and cash equivalents, end of year	-	-	2,337	2,337	7,903	10,240
Investments, end of year	-	-	47,352	47,352	47,522	94,874
Total cash and investments, end of year	\$ -	-	49,689	49,689	55,425	105,114

(Continued)

See accompanying notes to general purpose financial statements.

CITY OF BOSTON, MASSACHUSETTS

Combined Statement of Cash Flows - All Proprietary Fund Types, Nonexpendable Trust Funds and Discretely Presented Component Units (Continued)

Year ended June 30, 1997
(in thousands)

Reconciliation of cash and investments to combined balance sheet:

Nonexpendable Trust Funds from preceding page	\$ 49,689
Add:	
Pension Trust Funds	1,987,018
Expendable Trust Funds	<u>23,354</u>
Total Fiduciary Fund Types	\$ <u>2,060,061</u>
Discretely Presented Component Units from preceding page	\$ 55,425
Add Governmental Fund Type Discretely Presented Component Units	<u>27,954</u>
Total Discretely Presented Component Units	\$ <u>83,379</u>

See accompanying notes to general purpose financial statements.

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 1997

(1) Summary of Significant Accounting Policies

The accounting policies followed in preparing the accompanying general purpose financial statements are as follows:

(a) *The Financial Reporting Entity*

(1) General. The City of Boston, incorporated as a town in 1630 and as a city in 1822, now exists under Chapter 486 of the Act of 1909 and Chapter 452 of the Acts of 1948 of the Commonwealth of Massachusetts ("Commonwealth") which, as amended, constitute the City's Charter. The Mayor is elected to a four-year term and serves as chief executive officer of the City. The Mayor has general supervision of and control over the City's boards, commissions, officers and departments including all operations of Suffolk County, except county courts. The legislative body of the City is the City Council, which consists of thirteen elected members serving two-year terms. The Mayor and City Council serve as the County Commissioners of Suffolk County.

The accompanying general purpose financial statements present the City of Boston which includes Suffolk County and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

(2) Blended Component Units. The following component unit has been presented as a blended component unit (included in the primary government) because the component unit provides services almost exclusively to the primary government.

State-Boston Retirement System ("SBRS") - The SBRS is a defined benefit contributory retirement system created under state statute. It is administered by a Retirement Board comprised of five members: the City Auditor, who serves as *ex-officio*; two individuals elected by participants in the system; a fourth member appointed by the Mayor and a fifth member chosen by the other members. The SBRS provides pension benefits to retired City employees.

(3) Discretely Presented Component Units. These component units are reported in separate columns to emphasize that they are legally separate from the City but are included because the City is financially accountable for or is able to impose its will on the organization. Prior to 1997, the following component units were blended with the primary government. Accordingly, beginning balances, where applicable, were adjusted to exclude discretely presented component units which were blended at June 30, 1996. In addition, the notes to the general purpose financial statements pertain only to the primary government, unless otherwise indicated. A description of the component units, criteria for inclusion and their relationship with the City are as follows:

Boston Redevelopment Authority ("BRA") - The BRA is a public body politic and corporate constituting the City's redevelopment authority and exercising the powers of a planning board for the City. The BRA is governed by a five-member board, four of which are appointed by the Mayor. Its purpose is to provide planning support for major construction and redevelopment activity in the City.

(Continued)

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

Economic Development and Industrial Corporation of Boston ("EDIC")

- The EDIC is a body politic and corporate and an instrumentality of the Commonwealth. It is governed by the same persons appointed as members of the BRA board. The EDIC has various powers to assist industrial development projects in the City and together with the BRA assists the City with its economic development function.

Boston Public Health Commission ("PHC") - The PHC is a body politic and corporate and public instrumentality of the Commonwealth, established by Chapter 147 of the Acts of 1995. PHC is governed by a seven-member board, six of which are appointed by the Mayor and confirmed by the City Council, and one of whom is the chief executive officer of the Boston Medical Center ("BMC"). The PHC is responsible for the implementation of public health programs in the City.

Trustees of the Public Library of the City of Boston ("TPL") - The TPL is a nonprofit organization qualified as a tax-exempt entity under Section 501(c)(3) of the Internal Revenue Code. Trustees of TPL are appointed by the Mayor. The TPL was established to benefit the public library system of the City.

The financial statements of the component units are included for their respective fiscal year-ends, which is June 30, 1997, except for the SBRS which is December 31, 1996.

Complete financial statements of these individual component units can be obtained through the City Auditor's office, Room M-4, City Hall Plaza, Boston, Massachusetts 02201. In addition, condensed financial statements for the discretely presented component units are included in note 15.

(5) Related Organizations. The Mayor is also responsible for appointing the members of the governing bodies of the Boston Housing Authority, Boston Industrial Development Finance Authority and Boston Water and Sewer Commission; however, the City's accountability for these organizations does not extend beyond making these appointments.

(b) Basis of Presentation

The City has elected to present the discretely presented component units using the single-column method. The operations of the discretely presented component units have been reported in the financial statements on a basis which reflects the predominant basis of accounting used by the entity.

The operations of the City and its blended component unit are recorded in the following fund types and account groups:

Governmental Funds

Governmental funds are used to account for the City's expendable financial resources and related liabilities (except those accounted for in proprietary and similar trust funds). The measurement focus is upon determination of changes in financial position and the flow of current financial resources. The following are the City's governmental fund types:

General Fund - The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

(Continued)

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to specified purposes.

Capital Project Funds - Capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and similar trust funds).

Proprietary Fund

Proprietary funds are used to account for activities that are similar to those often found in the private sector. The measurement focus is upon determination of net income and capital maintenance (i.e., flow of economic resources). Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis.

Fiduciary Funds

Trust and Agency Funds - Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent. Trust funds include expendable trust funds, nonexpendable trust funds and pension trust funds. Nonexpendable trust funds and pension trust funds are reported in a manner similar to proprietary funds (i.e., flow of economic resources measurement focus and accrual basis of accounting). Expendable trust funds are reported in a manner similar to governmental funds (i.e., flow of financial resources measurement focus and modified accrual basis of accounting). Agency funds are custodial in nature and follow the modified accrual basis of accounting but are not concerned with the measurement of results of operations.

Account Groups

Account groups are a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the governmental funds because they do not affect net expendable available financial resources. The following are the City's account groups.

General Fixed Assets Account Group (GFAAG) - This account group is used to account for fixed assets, other than those accounted for in proprietary funds and similar trust funds.

General Long-Term Obligations Account Group (GLTOAG) - This account group is used to account for all long-term obligations of the City, except those accounted for in proprietary and similar trust funds.

(c) Basis of Accounting

The modified accrual basis of accounting is followed by governmental funds, expendable trust funds, and agency funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., when they become both measurable and available to pay liabilities of the current period). Revenues not considered available are recorded as deferred revenues.

(Continued)

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

The City applies the susceptible to accrual criteria to property taxes and intergovernmental revenues. In applying the susceptible to accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, resources must be expended on the specific purpose or project before any amounts will be reimbursed to the City; therefore, revenues are recognized based upon the amount of expenditures incurred. In the other, resources are virtually unrestricted and are usually revocable by the grantor only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met. Property taxes are recognized as revenue in the year for which taxes have been levied, provided they are collected within 60 days after year-end.

Investment earnings are recorded as earned. Other revenues are recorded when received in cash because these amounts are generally not measurable until actually received.

Expenditures are recorded when the liability is incurred except for (1) interest on general long-term obligations, which is recorded when due, and (2) the noncurrent portion of accrued judgments and claims, abatement refunds and vacation and sick leave, which is recorded in the general long-term obligations account group.

The accrual basis of accounting is used by proprietary funds, nonexpendable trust funds and pension trust funds. Revenues are recognized when earned and expenses are recognized when goods or services have been received or a liability has been incurred.

The City and its component units have elected to apply to its proprietary funds, nonexpendable trust funds, and pension trust funds accounting standards applicable to the private sector issued on or before November 30, 1989, unless those standards conflict with or contradict pronouncements of the Governmental Accounting Standards Board.

(d) Cash Equivalents

For purposes of the statement of cash flows, investments with original maturities of three months or less when purchased are considered to be cash equivalents.

(e) Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in governmental funds. Open encumbrances at year-end are reported as reservations of fund balance since they do not constitute expenditures or liabilities.

Certain unexpended and unencumbered appropriations for incomplete projects are carried over to succeeding years without further appropriations. Such continuing appropriations are accounted for similar to encumbrances. Other unencumbered appropriations lapse at year-end.

(f) Property, Plant and Equipment

Property, plant and equipment are stated at cost or estimated historical cost, except for infrastructure which is not capitalized. Donated fixed assets are recorded at estimated fair market value at the date donated.

(Continued)

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

(g) Compensated Absences

Employees are granted vacation and sick leave in varying amounts. Upon retirement, termination or death, certain employees are compensated for unused vacation and sick leave (subject to certain limitations) at their then current rates of pay. The liability related to unused sick and vacation time is recorded in the general long-term obligations account group. The liability for vacation leave is based on the amount earned but not used; for sick leave, it is based on the amount accumulated at the balance sheet date (vesting method). The liability for both amounts is calculated based on the pay or salary rates in effect at the balance sheet date.

(h) Arbitrage Rebate

Rebatable arbitrage earnings are calculated for the City by third parties and accounted for as a liability and a reduction of investment income in the general fund. At June 30, 1997, an accumulated arbitrage rebate liability of \$1.9 million was recorded in the general fund.

(i) Tax Abatement Refund Claims

Certain tax abatement settlements have resulted in agreements to make fixed payments over a series of future years. Such future payments have been recorded in the general long-term obligations account group. All other estimated tax abatement refunds have been recorded as a liability in the general fund.

(j) Basis of Investment Valuation

Investments of pension trust funds, deferred compensation plans and TPL are presented in the accompanying general purpose financial statements at fair market value. All other investments are stated at cost or amortized cost, which approximates market.

(k) Reclassifications

Certain 1996 amounts have been reclassified to conform with the 1997 presentation.

(l) Total Columns

Total columns on the accompanying general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Such data are not comparable to a consolidation since interfund and other eliminations have not been made.

(m) Use of Estimates

The preparation of general purpose financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) Budgetary Data

The general fund is the only fund for which a budget is legally adopted. The budgets for all departments included in the general fund of the City, except the School Department, are prepared under the direction of the Mayor and City Council.

(Continued)

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

The School Department budget is prepared under the direction of the School Committee. Original and supplemental appropriations are submitted by the Mayor and approved by the City Council and lapse at year-end unless encumbered. The legal level of control over appropriations is at the department level. Amendments to the original budget must be approved by the City Council, except for a reallocation of appropriations of up to \$3 million which the Mayor may approve. Further, the City Auditor, with the approval of the Mayor, may make transfers from any appropriation to any other appropriation for purposes of eliminating deficits before closing the books for the fiscal year. After the close of the fiscal year, the City Auditor may, with the approval of the Mayor, apply any income, taxes and funds not disposed of and make transfers from any appropriation to any other appropriation for the purpose of closing the accounts for the fiscal year. Supplemental appropriations, other than the aforementioned transfers, were approximately \$6.5 million for the year.

The City must establish its property tax rate each year so that the resulting property tax levy will comply with the limits required by Proposition 2-1/2 (note 4). The tax levy must equal the sum of (a) the aggregate of all annual appropriations for expenditures; plus (b) the reserve accounts described in the following paragraph; plus (c) provision for the prior fiscal years' deficits, if any; less (d) the aggregate of all non-property tax revenues projected to be received by the City, including available funds, in amounts certified or approved by the Commonwealth for tax rate purposes.

In accordance with the 1986 amendments to the Funding Loan Act of 1982, the City has established two reserve funds. The first is a budget reserve fund which is required to be funded in stages to a final level of 2-1/2% of the prior year's overall departmental appropriations, except the School Department, by the beginning of fiscal 1990. It is available to be applied to extraordinary and unforeseen expenditures. The second is a separate reserve fund of 1% to 2-1/2% of the current year appropriation of the School Department to be applied to overexpenditures in that department.

The City's general fund budget is prepared on a basis other than generally accepted accounting principles ("GAAP"). The "actual" results column in the Statement of Revenues and Expenditures - Budgetary Basis is presented on a "budget basis" to provide a meaningful comparison with the budget. The major differences between the budget and GAAP bases, where applicable, are that:

- (a) Real estate and personal property taxes are recorded as revenue when levied (budget), as opposed to when susceptible to accrual (GAAP).
- (b) Encumbrances and continuing appropriations are recorded as the equivalent of expenditures (budget), as opposed to a reservation of fund balance (GAAP).
- (c) Certain activities and transactions are presented in separate funds (GAAP), rather than as components of the general fund (budget).
- (d) Amounts raised for the prior years' deficits and available funds from prior years' surpluses are recorded as revenue items (budget), but have no effect on GAAP revenues.

(Continued)

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

In addition, there are certain differences in classifications between revenues, expenditures and transfers.

The following reconciliation summarizes the differences between budgetary and GAAP basis accounting principles for the year ended June 30, 1997 (in thousands):

	<u>Revenue</u>	<u>Expenditures</u>	Other financing sources (uses), <u>net</u>	Excess (deficiency) of revenue and other <u>financing sources</u>
As reported on a budgetary basis	\$ 1,381,149	1,378,445	-	2,704
Adjustments:				
Revenues to modified accrual basis	11,670	-	-	11,670
Expenditures, encumbrances and accruals, net	-	1,251	-	(1,251)
Reclassifications:				
Parking meter revenue and expenditures to a special revenue fund	(8,500)	(8,500)	-	-
Debt service expenditures	497	21,958	21,461	-
Debt service escrow from capital projects	-	-	16,280	16,280
State-funded teachers' retirement costs	(34,860)	(34,860)	-	-
Trust fund revenue	(700)	-	700	-
Public Health Commission appropriation (note 13)	<u>-</u>	<u>(60,890)</u>	<u>(60,890)</u>	<u>-</u>
As reported on a GAAP basis	\$ <u>1,349,256</u>	<u>1,297,404</u>	<u>(22,449)</u>	<u>29,403</u>

(3) Cash and Investments

State and local statutes place certain limitations on the nature of deposits and investments available to the City. Deposits, including demand deposits, money markets and certificates of deposit in any one financial institution, may not exceed certain levels unless collateralized by the financial institution involved. Investments may be made in unconditionally guaranteed U.S. Government obligations having maturities of a year or less from the date of purchase, or through repurchase agreements with maturities of no greater than 90 days in which the underlying securities consist of such obligations. Other allowable investments include authorized bonds of all states, bankers' acceptances, commercial paper rated within the three highest classifications established by rating agencies, and units in the Massachusetts Municipal Depository Trust ("MMDT").

The City's pension and certain other trust and agency funds have additional investment powers, most notably the ability to invest in common stocks, corporate bonds and other specified investments.

Deposits

The City categorized deposits according to the level of risk assumed. Category 1 includes deposits which are fully insured or collateralized with securities held by the entity or its agent in the entity's name. Category 2 includes deposits that are collateralized with securities held by the pledging financial institution's trust department or agent in the

(Continued)

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

entity's name. Category 3 includes those deposits that are not collateralized. The City's deposits at June 30, 1997 are as follows (in thousands):

	Category			Total Bank	Carrying
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Balance</u>	<u>Amount</u>
Total cash deposits	\$ <u>18,309</u>	<u>-</u>	<u>225,260</u>	<u>243,569</u>	<u>246,566</u>

Investments

The City and SBRS categorize investments according to the level of risk assumed.

Category 1 includes investments that are insured or registered or held by the entity or its agent in the entity's name. Category 2 includes uninsured and unregistered investments held by the counterparty's trust department or agent in the entity's name. Category 3 includes uninsured and unregistered investments held by the counterparty, or by its trust department or agent but not in the entity's name. Managed investment pools, deferred compensation plan mutual funds and real estate ventures are not categorized. The City's investments are as follows (in thousands):

Primary Government - June 30, 1997	Category			Carrying	Estimated
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Amount</u>	<u>Market</u> <u>Value</u>
Categorized:					
Repurchase agreements	\$ -	232,996	-	232,996	232,996
U.S. Government obligations	-	20,549	4,212	24,761	25,063
Debt securities	-	21,621	-	21,621	21,611
Equity securities	-	29,314	158,369	187,683	201,725
Total	\$ <u>-</u>	<u>304,480</u>	<u>162,581</u>	<u>467,061</u>	<u>481,395</u>
Not categorized:					
MMDT				<u>62,418</u>	<u>62,418</u>
Total				\$ <u>529,479</u>	<u>543,813</u>

SBRS -

December 31, 1996

Categorized:					
Short-term investments	\$ -	2,889	-	\$ 2,889	2,889
U.S. Government obligations	-	103,957	-	103,957	103,957
U.S. Government agency obligations	-	75,595	-	75,595	75,595
Debt securities	-	337,873	-	337,873	337,873
Equity securities	-	1,285,034	-	1,285,034	1,285,034
Total	\$ <u>-</u>	<u>1,805,348</u>	<u>-</u>	<u>1,805,348</u>	<u>1,805,348</u>
Not categorized:					
MMDT				9,373	9,373
Real estate				38,283	38,283
Venture Capital Funds				13,803	13,803
Total				\$ <u>1,866,807</u>	<u>1,866,807</u>

(Continued)

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

The composition of the City's bank deposits and investments fluctuates depending primarily on the timing of real estate tax receipts, proceeds from borrowings, collection of state and federal aid and capital outlays throughout the year.

(4) Property Taxes

Real and personal property taxes are based on values assessed as of each January 1. By law, all taxable property must be assessed at 100% of fair cash value. Also by law, property taxes must be levied at least 30 days prior to their due date. Once levied, these taxes are recorded as receivables, net of estimated uncollectible balances. Property tax revenues have been recorded using the modified accrual basis of accounting, described in note 1(c).

The City bills and collects its property taxes on a quarterly basis following the January 1 assessment. The due dates for those quarterly tax billings are August 1, November 1, February 1, and May 1. Property taxes that remain unpaid after the respective due dates are subject to penalties and interest charges.

Based on the City's experience, most property taxes are collected during the year in which they are assessed. Liening of properties on which taxes remain unpaid occurs annually. On October 20, 1997, all properties with unpaid fiscal 1997 property taxes were liened. The City ultimately has the right to foreclose on all properties where the taxes remain unpaid.

A statewide property tax limitation known as "Proposition 2-1/2" limits the amount of increase in the property tax levy in any fiscal year. Generally, Proposition 2-1/2 limits the total levy to an amount not greater than 2-1/2% of the total assessed value of all taxable property within the City. Secondly, the tax levy cannot increase by more than 2-1/2% of the prior year's levy plus the taxes on property newly added to the tax rolls. Certain provisions of Proposition 2-1/2 can be overridden by a City-wide referendum.

(5) Property, Plant and Equipment

The following is a summary of changes in the General Fixed Assets Account Group (in thousands):

	Balance, June 30, 1996	Additions	Disposals	Balance, June 30, 1997
Land and buildings	\$ 509,074	32,306	-	541,380
Furniture and fixtures	33,217	1,569	(1,122)	33,664
Vehicles and maintenance equipment	71,504	11,942	(12,409)	71,037
Machinery and equipment	<u>46,782</u>	<u>7,353</u>	<u>(5,139)</u>	<u>48,996</u>
General fixed assets	\$ <u>660,577</u>	<u>53,170</u>	<u>(18,670)</u>	<u>695,077</u>

No accumulated depreciation is recorded in the General Fixed Assets Account Group.

(Continued)

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

(6) Interfund and Discrete Component Unit Balances

Individual fund and discrete component unit receivable and payable balances at June 30, 1997, are as follows (in thousands):

<u>Interfund Balances</u>	<u>Receivable</u>	<u>Payable</u>
General	\$ 5,475	777
Special revenue:		
CDBG	174	1,408
HUD grants	-	174
Capital projects:		
Public Works	-	595
School Projects	-	233
Public Buildings	-	537
Departmental Equipment	-	9
Parks and Recreation	-	132
Internal service:		
Blue Cross/Blue Shield	777	2,420
Trust and agency:		
BRS	73	-
City Funds	-	173
George Robert White Fund	-	40
School Funds	-	1
Neighborhood Housing Trust Fund	-	8
Neighborhood Jobs Trust Fund	8	-
Balances at June 30, 1997	<u>6,507</u>	<u>6,507</u>
SBRS at December 31, 1996	<u>58,306</u>	<u>-</u>
Balances in accompanying general purpose financial statements	\$ <u>64,813</u>	<u>6,507</u>
<u>Discrete Component Unit Balances</u>		
Primary government:		
General	\$ 191,280	-
Blue Cross/Blue Shield internal service	135	-
Discretely presented component units:		
PHC	-	191,214
TPL	-	201
Balances in accompanying general purpose financial statements	\$ <u>191,415</u>	<u>191,415</u>

(Continued)

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

(7) Long-Term Obligations

Governmental Fund Obligations

Following is a summary of the general long-term obligations of the City as of June 30, 1997
(in thousands):

	<u>Interest Rates</u>	<u>Outstanding, Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding, End of Year</u>
Bonds and Notes Payable:					
General Obligation Bonds dated 11/15/96	5.0%	\$ -	90,000	-	90,000
General Obligation Bonds dated 10/15/95	5.0-5.25%	75,000	-	6,000	69,000
General Obligation Bonds dated 9/1/94	5.0-6.0%	66,355	-	3,795	62,560
General Obligation Refunding Bonds dated 2/1/94	4.0-5.0%	80,985	-	3,885	77,100
General Obligation Bonds dated 9/1/93	4.0-4.875%	46,810	-	1,680	45,130
General Obligation Refunding Bonds dated 2/1/93	3.0-5.65%	88,830	-	1,275	87,555
General Obligation Bonds dated 2/15/92	4.75-6.5%	56,525	-	2,300	54,225
General Obligation Refunding Bonds dated 5/15/91	5.5-10.0%	41,055	-	5,180	35,875
General Obligation Bonds dated 5/15/91	5.5-6.1%	10,390	-	1,115	9,275
General Obligation Bonds dated 1/1/90	6.25-7.375%	33,705	-	6,415	27,290
General Obligation Bonds dated 3/1/89	7.1-7.5%	18,550	-	4,765	13,785
General Obligation Bonds dated 7/7/88	6.4-7.3%	8,780	-	2,370	6,410
General Obligation Refunding Bonds dated 8/15/86	6.3-7.25%	21,345	-	4,875	16,470
General Obligation Bonds dated 4/15/86	6.3-7.2%	2,925	-	2,925	-
General Obligation Bonds dated 3/1/77	7.25%	1,625	-	1,625	-
Bearer Bonds dated 11/1/66 through 5/1/79	0.25-8.0%	13,865	-	6,315	7,550
Notes payable	5.44-7.18%	<u>21,495</u>	<u>-</u>	<u>75</u>	<u>21,420</u>
Total general obligation bonds and notes payable		588,240	90,000	54,595	623,645
Revenue Refunding Bonds, Boston City Hospital, Series B, dated 6/1/93	3.60-5.25%	<u>166,145</u>	<u>-</u>	<u>3,825</u>	<u>162,320</u>
Total bonds and notes payable		754,385	90,000	58,420	785,965
Other long-term obligations:					
Leases		19,700	11,446	10,215	20,931
Tax abatement refunds		6,000	-	2,000	4,000
Judgments and claims		38,100	28,933	36,533	30,500
Sick and vacation, net		<u>80,789</u>	<u>2,952</u>	<u>-</u>	<u>83,741</u>
Total other long-term obligations		<u>144,589</u>	<u>43,331</u>	<u>48,748</u>	<u>139,172</u>
Total general long-term obligations		\$ <u>898,974</u>	<u>133,331</u>	<u>107,168</u>	<u>925,137</u>

(Continued)

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

The annual debt service requirements of the City's general obligation governmental bonds and notes payable outstanding as of June 30, 1997, are as follows (in thousands):

Year ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1998	\$ 58,025	33,308	91,333
1999	54,740	29,942	84,682
2000	51,030	26,774	77,804
2001	49,250	23,914	73,164
2002	47,460	21,297	68,757
2003-2007	190,200	71,894	262,094
2008-2012	121,220	31,117	152,337
2013-2017	<u>51,720</u>	<u>4,663</u>	<u>56,383</u>
Total	\$ <u>623,645</u>	<u>242,909</u>	<u>866,554</u>

General obligation bonds are backed by the full faith and credit of the City. The Commonwealth has approved school construction assistance, subject to annual appropriation by the state legislature and reports filed with the Commonwealth by the City, to partially provide resources for future principal and interest requirements on general obligation school bonds of the City. In addition, the Boston Water and Sewer Commission ("BWSC") is required by its enabling legislation to reimburse the City for future principal and interest requirements on the general obligation water and sewer bonds. As of June 30, 1997, such resources expected to be provided to the City total \$142.2 million from the Commonwealth and \$165 thousand in principal and interest from the BWSC.

The Boston Public Health Commission (see note 13) has assumed responsibility for paying to the City an amount equal to current debt service on all outstanding general obligation bonds of the City issued for public health and hospital purposes which amounted to \$38.6 million at June 30, 1997.

The annual debt service requirements of the City's Revenue Refunding Bonds, Boston City Hospital, Series B, outstanding as of June 30, 1997, are as follows (in thousands):

Year ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1998	\$ 3,930	9,050	12,980
1999	4,105	8,869	12,974
2000	4,310	8,672	12,982
2001	4,395	8,456	12,851
2002	4,485	8,232	12,717
2003-2007	17,725	37,461	55,186
2008-2012	10,985	32,942	43,927
2013-2017	37,110	23,775	60,885
2018-2023	<u>75,275</u>	<u>25,970</u>	<u>101,245</u>
Total	\$ <u>162,320</u>	<u>163,427</u>	<u>325,747</u>

(Continued)

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

The revenue refunding bonds do not constitute general obligations of the City and the annual debt service of these bonds has been assumed by the Boston Public Health Commission. The Boston Public Health Commission expects to meet its obligation on the bonds through application of a portion of the rent payable to the Boston Public Health Commission by the Boston Medical Center Corporation for its lease of the former Boston City Hospital campus. As a result of the consolidation (note 13), on July 1, 1996, the City received \$16.28 million, representing debt service reserve on these bonds. It was recorded as proceeds of debt in the capital projects fund and subsequently transferred to the general fund for future debt service requirements. Under certain circumstances, including a default by BMC under the lease, City revenues may be required to satisfy the debt service requirements on the Series B bonds (see note 13).

The City is subject to a dual general debt limit; the normal debt limit and the double debt limit. Such limits are equal to 2-1/2% and 5%, respectively, of the valuation of taxable property in the City as last equalized by the State Department of Revenue. Debt may be authorized up to the normal debt limit without state approval. Authorizations under the double debt limit, however, require the approval of the Commonwealth's Emergency Finance Board. Additionally, there are many categories of general obligation debt which are exempt from the debt limit but are subject to other limitations.

As of June 30, 1997, the City may issue \$821.7 million of additional general obligation debt under the dual level general debt limit. General obligation debt of \$237 million, subject to the double debt limit, and \$216 million, exempt from the debt limit, is authorized but unissued as of June 30, 1997.

The City pays assessments to the Massachusetts Bay Transit Authority ("MBTA") under formulas that include debt service payments (commonly referred to as overlapping debt). At June 30, 1997, the MBTA had \$323.9 million in long-term debt outstanding, of which the City's estimated share was approximately 42.56%, or \$137.8 million.

Fiduciary Fund Obligations

Following is a summary of the long-term obligations of the Neighborhood Housing trust fund as of June 30, 1997 (in thousands):

	<u>Interest Rates</u>	<u>Outstanding, Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding, End of Year</u>
Notes payable due through 4/24/07	Various	\$ <u>4,352</u>	<u>-</u>	<u>1,004</u>	<u>3,348</u>

The future annual debt principal payments for fiduciary fund long-term debt outstanding at June 30, 1997, are as follows (in thousands):

Year ending June 30:	
1998	\$ 1,099
1999	1,090
2000	409
2001	197
2002	215
Thereafter	<u>338</u>
	\$ <u>3,348</u>

(Continued)

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

Defeased Debt

The following transactions from prior years met the requirements of an in-substance defeasance:

- On August 15, 1995, the City entered into a \$20.8 million Equipment Lease with Option to Purchase agreement to refinance \$20.76 million of equipment leases executed in fiscal years 1995 and 1996.
- On February 9, 1994, the City issued \$85.9 million in General Obligation Bonds, dated February 1, 1994 to advance refund \$74.3 million of 1985, 1986, 1988, 1989, 1990 and 1991 Series Bonds.
- On June 8, 1993, the City issued \$187.7 million in refunding bonds - Boston City Hospital - Series B dated June 1, 1993 with an average interest rate of 5.5% to advance refund \$169.3 million of other revenue bonds - Boston City Hospital - Series A.
- On February 10, 1993, the City issued \$92.3 million in General Obligation Bonds, dated February 1, 1993, to advance refund \$80.5 million of 1983, 1986, 1988, 1989 and 1992 Series bonds.

The principal amount of debt refunded through in-substance defeasance transactions and still outstanding at June 30, 1997 was \$245 million.

Lease Obligations

The City has entered into various lease agreements for equipment acquisition. Payments under these agreements are subject to annual appropriation and, by statute, are not included in the City's debt limit calculations. Activity in lease agreements during fiscal year 1997 was as follows (in thousands):

<u>Date of Issuance</u>	<u>Outstanding, Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Outstanding, End of Year</u>
June 1, 1992	\$ 335	-	335	-
May 1, 1993	1,020	-	675	345
October 1, 1993	2,275	-	1,200	1,075
August 15, 1995	7,414	-	2,831	4,583
August 15, 1995	8,656	-	3,514	5,142
December 17, 1996	-	11,446	1,660	9,786
	\$ <u>19,700</u>	<u>11,446</u>	<u>10,215</u>	<u>20,931</u>

The City's commitment under noncapitalized leases is not significant.

(Continued)

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

Future minimum payments under capital leases and installment sales as of June 30, 1997, are as follows (in thousands):

1998	\$ 10,987
1999	6,130
2000	3,255
2001	1,242
2002	626
Thereafter	<u>59</u>
Total minimum lease payments	22,299
Less amount representing interest	<u>1,368</u>
Total	\$ <u>20,931</u>

No Obligation Debt

The City has outstanding industrial, commercial and housing development bonds, payable solely from revenues of the respective enterprises that do not constitute an indebtedness of the City and are not a charge against its general credit.

(8) Retirement Plans

(a) Plan Description

The City contributes to the State-Boston Retirement System ("System"), a cost-sharing multiple-employer defined benefit pension plan. The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the Massachusetts General Laws ("MGL") assigns authority to establish and amend benefit provisions of the plan, and grant cost-of-living increases, to the state legislature.

The System is administered by a five-person Board of Retirement consisting of the City Auditor who serves as a member *ex officio*, two members who are elected by the participants, in or retired from the service of the System, a fourth member appointed by the Mayor and a fifth member chosen by the other members.

The System currently receives funding through a City appropriation for administrative expenses. Effective July 1, 1997, administration expenses will be paid from investment earnings.

The System issues a publicly available financial report which can be obtained through the State-Boston Retirement System, Boston City Hall, Room 816, Boston, Massachusetts 02201.

The City also participates in the Boston Retirement System ("BRS") and made benefit payments of approximately \$6.0 million for the year ended June 30, 1997. The number of BRS plan participants was frozen in 1946. Disclosures for BRS are not material and, thus, are not presented.

(Continued)

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

(b) Membership

Membership in the System consisted of the following at January 1, 1997, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	13,691
Terminated plan members entitled to but not receiving benefits	1,827
Active plan members	<u>20,316</u>
Total membership	<u>35,834</u>

Total number of participating employers	<u>5</u>
---	----------

(c) Contributions

Plan members are required to contribute to the System. Depending on their employment date, active members must contribute a range of 5% - 9% of their regular gross compensation. Members hired after December 31, 1978 must contribute an additional 2% of regular compensation in excess of \$30,000. Participating employers are required to pay into the System, their share of the remaining system-wide actuarially determined contribution and plan administration costs, which are apportioned among the employers based on active covered payroll. The Commonwealth reimburses the City for benefits paid to school teachers and reimburses the System for a portion of benefit payments for cost-of-living increases. The contributions of plan members and the participating employers are governed by Chapter 32 of the MGL. The City's required and actual contributions to the System for the years ended June 30, 1997, 1996 and 1995 were \$99 million, \$95 million and \$102 million or, \$65 million, \$60 million and \$67 million, net of teachers' retirement, respectively.

(d) Legally Required Reserve Accounts

The balances in the System's legally required reserves (on the statutory basis of accounting) at December 31, 1996 are as follows (in thousands):

<u>Description</u>	<u>Amount</u>	<u>Purpose</u>
Annuity Savings Fund	\$ 753,334	Active members' contribution balance
Annuity Reserve Fund	209,762	Retired members' contribution account
Military Service Credit	54	Members' contribution account while on military leave
Expense Account	38	Balance of amount available for administering the system
Pension Reserve Fund	288,927	Amounts appropriated to fund future retirement benefits
Pension Fund	<u>800,492</u>	Remaining net assets
Total	\$ <u>2,052,607</u>	

All reserve accounts are funded at levels required by State statute.

(e) Investment Concentration

There were no investments (other than those issued or guaranteed by the U.S. Government) in any one organization that represent 5% or more of plan net assets.

(Continued)

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

(f) Valuation of Investments

Investments of the System are stated as follows:

- (a) Bonds are stated at quoted market value.
- (b) Equity securities are stated at quoted market value.
- (c) Real estate funds are stated at appraised value or partner's account value, whichever is more readily determinable.
- (d) Venture capital funds are stated at contributed cost or fair market value, whichever is more readily determinable.
- (e) International investments are stated at quoted market value and are included in equities and fixed income categories.
- (f) Cash is stated at carrying amount which is reconciled book balance.

(9) Other Post-employment Benefit Disclosures

In addition to the pension benefits described in note 8, the City provides post-retirement health care and life insurance benefits, in accordance with state statute and City ordinance, to eligible retirees. Currently 12,500 retirees meet the eligibility requirements as put forth in Chapter 32B of Massachusetts General Laws. The City pays 75% of Blue Cross/Blue Shield of Massachusetts ("BC/BS") premiums and 90% of HMO premiums for medical and hospitalization incurred by retirees and their dependents. The City also pays 75% of BC/BS Medicare premiums for each Medicare eligible retiree. The City provides for 50% of the premiums for \$5,000 of life insurance for each eligible retiree.

Expenditures, estimated to be \$35 million for these health care and life insurance benefits to retirees for 1997, are accounted for on a pay-as-you-go basis.

(10) Transfers

Transfers and their purposes during the year were as follows (in thousands):

	Transfers in (out)					Discretely Presented Component Unit PHC
	General	Special Revenue	Capital Projects	Trust Funds Expendable	Nonexp.	
Primary government:						
Debt service	\$ 1,615	(707)	(908)	-	-	-
Debt service reserve	16,280	-	(16,280)	-	-	-
Trust funds	<u>700</u>	<u>-</u>	<u>-</u>	<u>2,294</u>	<u>(2,994)</u>	<u>-</u>
	18,595	(707)	(17,188)	2,294	(2,994)	-
Discretely presented component unit:						
Debt reimbursement	19,846	-	-	-	-	(19,846)
Operating subsidy	<u>(60,890)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,890</u>
	<u>(41,044)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,044</u>
	\$ <u>(22,449)</u>	<u>(707)</u>	<u>(17,188)</u>	<u>2,294</u>	<u>(2,994)</u>	<u>41,044</u>

(Continued)

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

(11) Fund Deficits and Excess of Expenditures

The following funds had deficit equity balances at June 30, 1997 (in thousands):

Special revenue:	
Building loan program	\$ 1,389
C.D.B.G.	185
Empowerment zone program	<u>5</u>
	\$ <u>1,579</u>
Capital projects:	
Public works	5,105
Chapter 90 public ways	2,860
School projects	469
Urban and economic development	1,118
Parks and recreation	3,825
Departmental equipment	<u>830</u>
	\$ <u>14,207</u>
Internal Service:	
Health insurance	\$ <u>11,803</u>

The City had expenditures in excess of their budgeted amounts for the year ended June 30, 1997 in the following categories (in thousands):

General Government:	
Reserve for contingency	\$ 11,000
Public safety:	
Police	680
Fire	2,346
Public works:	
Snow removal	1,776
Judgments and claims	9,438
Other employee benefits:	
Medicare payments	66
Health benefits	1,033
Unemployment compensation	415
Workers' compensation	333
Contributions to retirement	1,037
State and district assessments:	
Special Education Chapter 766	<u>321</u>
	\$ <u>28,445</u>

(Continued)

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

Excess expenditures in public safety, snow removal and judgments and claims are allowed under the budgetary laws governing the City. State and district assessments exceeded original estimates which were provided by the Commonwealth. Income, taxes and funds not disposed of at June 30, 1997 cover the above expenditures in excess of budgeted amounts.

(12) Deferred Compensation Plan

The City has deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plan, available to all employees of the City, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City (without being restricted to the provision of benefits under the plan), subject only to the claims of the City's general creditors. Participants' rights under the plan are equal to the fair market value of the deferred account for each participant. All plan assets are stated at market value.

It is the opinion of the City that it has no liability for losses under the plan, but it does have the duty of due care which would be required of an ordinary prudent investor. The plan assets are subject to the claims of the City's general creditors; however, plan assets have not been used in the past to satisfy such claims. A portion of the City's deferred compensation funds are invested in derivative investments for hedging purposes, however, these investments are immaterial in total and are not used for speculative purposes.

The assets and liabilities of the City's deferred compensation plan with a market value of \$158.4 million are included in an Agency Fund at June 30, 1997.

(13) Reorganization of the Public Health System

Effective July 1, 1996, the City's Department of Health and Hospitals and Trustees of Health and Hospitals, a component unit, were abolished. Substantially all their assets and liabilities, including title to the City's two hospitals, Boston City Hospital ("BCH") and Boston Specialty and Rehabilitation Hospital ("BSRH"), were transferred to and assumed by the Boston Public Health Commission ("PHC").

Also effective July 1, 1996, the operations of BCH and BSRH were consolidated with the operations of the Boston University Medical Center under the licensure and control of the Boston Medical Center Corporation ("BMC").

The PHC receives the majority of its funding from federal and state grants, lease agreements with BMC and a City appropriation. During fiscal year 1997, the City appropriated \$60.9 million to the PHC. As described below, the PHC uses the appropriation to pay debt service on general obligation bonds, base assistance grant payments to BMC and a portion of the consolidation costs to BMC. The remainder of the appropriation is used for administrative purposes and to support the various public health programs run by the PHC. The City has budgeted \$64.8 million for the PHC for fiscal year 1998.

(Continued)

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

Due from PHC/BMC

On July 1, 1996, the PHC assumed a liability of \$149.8 million for a mortgage note (the "Note") held by a trustee and insured by the Federal Housing Authority ("FHA"), the balance of which is \$146.9 million at June 30, 1997. Payments made by the PHC on this Note are used, together with other funds held in trust, by the trustee to pay off the outstanding balance of \$162.3 million of the City's revenue refunding bonds dated June 1, 1993 (see note 7). The PHC receives funding for these Note payments from the BMC under a lease agreement whereby the BMC leases portions of the former BCH campus for an initial period of 50 years. Rental payments received under this lease are equal to the debt service costs on the Note and on all City general obligation bonds allocable to BCH. These general obligation bonds were issued by the City between December 1967 and October 1995 and total \$38.6 million at June 30, 1997. These bonds pertain to the property and operations of the BCH Campus, South Block Campus, BSRH Campus, Emergency Medical Services (EMS) Operations and the Long Island Campus.

In addition, the PHC and BMC are also responsible for reimbursing the City for health insurance, equipment lease payments, workers' compensation, telephone, xerox, gasoline and other miscellaneous expenses paid for by the City.

Payments to BMC

Under the terms of the consolidation agreement, the PHC is obligated to pay BMC \$1.0 million per year for five (5) years, beginning on July 1, 1996, to subsidize the costs of consolidation. If after 5 years, total consolidation costs total less than \$10.0 million, the PHC is entitled to a rebate in an amount that will bring the PHC's share of these costs to 50%.

In addition, the PHC is obligated to make base assistance grant payments to BMC totaling \$31.0 million for fiscal years 1997 through 2000. For years after 2000, PHC will pay \$12.0 million each year until the FHA Note has been paid off (scheduled in 2020). The total base assistance grant payments for fiscal year 1997 was \$6.0 million.

During each of the four (4) fiscal years immediately following the consolidation, the City is required to provide a capital contribution to the BMC to defray a portion of the cost of capital improvements and capital needs relating to the activities conducted at, and the use of, the BCH campus leased by the BMC. The aggregate annual capital contribution shall not exceed \$8.0 million in fiscal year 1997, \$7.0 million in fiscal year 1998, \$6.0 million in fiscal year 1999 and \$4.0 million in fiscal year 2000. If payments in any fiscal year are less than the amount specified, the amount of the shortfall will be added to the aggregate contribution during the subsequent year. Because the City did not pay any capital contribution costs in fiscal year 1997, the aggregate total for that year will be added to the fiscal year 1998 contribution.

During fiscal year 1997, the City deposited \$8.0 million of unexpended general obligation debt proceeds into an escrow account. \$2.4 million of these funds will be used to complete capital projects in progress on the property leased by BMC. The remaining \$5.6 million will be used for future projects on this property.

(Continued)

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

In addition, during fiscal year 1997, the City made \$20.0 million in contributions to a capital fund in support of the Boston HealthNet health center members. The BMC is expected to provide \$2.0 million in each of the six (6) years following the consolidation in additional support to the Boston HealthNet health center members.

(14) Risk Management

The City is self insured in most areas of risk including general liability, property and casualty (except for boiler and machinery losses up to \$1 million), workers' compensation, unemployment and certain employee health claims. The City's Corporation Counsel defends the City in any lawsuits that arise from the normal course of operations. Except for certain health care costs described below, judgments and claims are charged to the general fund.

The City's health insurance program, administered by the Health Insurance and Benefits Division, a program within Human Resources, provides coverage to the City's employees and retirees through a number of Health Maintenance Organizations ("HMO") and Blue Cross/Blue Shield of Massachusetts ("BC/BS"). Costs to the City for the HMOs, of which 10% are paid by employees, are accounted for in the general fund.

BC/BS acts as a third party agent for the City in the payment of the various claim plans used by the City. Costs incurred for the operation of the BC/BS plans, of which 25% are paid by employees, are accounted for in a separate health insurance internal service fund. These costs are contained on an individual case basis by a commercial insurance policy capping costs at \$175 thousand per case.

The City has established a liability based on historical trends of previous years and attorney's estimates of pending matters and lawsuits in which the City is involved. Changes in the self insurance liability for the fiscal year ended June 30, 1997 are as follows (in thousands):

	1997		1996	
	Internal Service Fund	General Long-Term Obligations Account Group	Internal Service Fund	General Long-Term Obligations Account Group
Judgments and claims, beginning of year	\$ 14,629	38,100	9,400	42,500
Incurrd claims	58,563	28,933	69,655	23,615
Payments of claims attributable to events of both the current and prior fiscal years:				
Health and life	(62,000)	-	(64,426)	-
Workers' compensation	-	(15,536)	-	(16,463)
Unemployment compensation	-	(861)	-	(1,570)
Court judgments	-	(20,136)	-	(9,982)
	<u>(62,000)</u>	<u>(36,533)</u>	<u>(64,426)</u>	<u>(28,015)</u>
Judgments and claims, end of year	\$ <u>11,192</u>	<u>30,500</u>	<u>14,629</u>	<u>38,100</u>

(Continued)

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

The liabilities above have not been discounted to their present value. Incurred claims represent the total of a provision for events of the current fiscal year and any change in the provision for events of the prior fiscal years.

There are numerous pending matters and lawsuits in which the City is involved. The City attorneys estimate that the potential claims against the City not recorded in the accompanying general purpose financial statements resulting from such litigation would not materially affect the general purpose financial statements.

(15) Discretely Presented Component Units

The following presents condensed financial statements for each of the discretely presented component units:

Condensed Balance Sheet

June 30, 1997
(in thousands)

	<u>PHC</u>	<u>BRA</u>	<u>TPL</u>	<u>EDIC</u>	<u>Total</u>
Assets:					
Current assets	\$ 30,075	83,442	47,384	24,973	185,874
Due from BMC	169,997	-	-	-	169,997
Property, plant and equipment	17,446	2,417	922	25,213	45,998
Amounts to be provided	<u>185,450</u>	<u>3,034</u>	<u>-</u>	<u>-</u>	<u>188,484</u>
Total assets	<u>402,968</u>	<u>88,893</u>	<u>48,306</u>	<u>50,186</u>	<u>590,353</u>
Liabilities:					
Current liabilities	19,275	56,801	1,485	7,108	84,669
Accrued liabilities	2,843	1,560	-	-	4,403
Due to primary government	191,214	-	201	-	191,415
Deferred compensation benefits payable	-	2,709	-	-	2,709
Deferred revenue	169,997	19,647	-	10,055	199,699
Bonds and notes payable	<u>-</u>	<u>1,475</u>	<u>-</u>	<u>20,668</u>	<u>22,143</u>
Total liabilities	<u>383,329</u>	<u>82,192</u>	<u>1,686</u>	<u>37,831</u>	<u>505,038</u>
Equity:					
Investment in general fixed assets	17,446	2,417	-	-	19,863
Retained earnings	-	-	-	12,355	12,355
Fund balances	<u>2,193</u>	<u>4,284</u>	<u>46,620</u>	<u>-</u>	<u>53,097</u>
Total equity	<u>19,639</u>	<u>6,701</u>	<u>46,620</u>	<u>12,355</u>	<u>85,315</u>
Total liabilities and equity	\$ <u>402,968</u>	<u>88,893</u>	<u>48,306</u>	<u>50,186</u>	<u>590,353</u>

(Continued)

CITY OF BOSTON, MASSACHUSETTS

Notes to General Purpose Financial Statements

Condensed Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 1997
(in thousands)

	<u>PHC</u>	<u>BRA</u>	<u>Total</u>
Revenues	\$ 51,048	14,417	65,465
Expenditures:			
Operating and other	95,828	10,038	105,866
Capital outlay	<u>-</u>	<u>2,929</u>	<u>2,929</u>
Excess of revenues over (under) expenditures	(44,780)	1,450	(43,330)
Transfers to primary government	(19,846)	-	(19,846)
Transfers from primary government	<u>60,890</u>	<u>-</u>	<u>60,890</u>
Net changes in fund balance	(3,736)	1,450	(2,286)
Fund balance, beginning of year	5,929	-	5,929
Reclassification of component units from blended to discrete presentation	<u>-</u>	<u>2,834</u>	<u>2,834</u>
Fund balance, end of year	\$ <u>2,193</u>	<u>4,284</u>	<u>6,477</u>

Condensed Statement of Revenues, Expenses and Changes in Fund Equity

Year ended June 30, 1997
(in thousands)

	<u>TPL</u>	<u>EDIC</u>	<u>Total</u>
Operating revenues	\$ 25,824	7,987	33,811
Operating expenses:			
Depreciation	20	1,288	1,308
Other	<u>16,336</u>	<u>18,560</u>	<u>34,896</u>
Operating income (loss)	9,468	(11,861)	(2,393)
Other nonoperating revenues	<u>206</u>	<u>14,226</u>	<u>14,432</u>
Net income for the year	9,674	2,365	12,039
Fund equity, beginning of year	-	-	-
Reclassification of component units from blended to discrete presentation	<u>36,946</u>	<u>9,990</u>	<u>46,936</u>
Fund equity, end of year	\$ <u>46,620</u>	<u>12,355</u>	<u>58,975</u>

CITY OF BOSTON, MASSACHUSETTS
State-Boston Retirement System

Required Supplementary Information
(Unaudited)
(Dollar amounts in thousands)

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
01/01/97	\$ 2,062,000	\$ 3,173,000	\$ 1,111,000	65.0%	\$ 735,000	151.2%
01/01/96	1,834,000	2,940,000	1,106,000	62.4%	777,000	142.3%
01/01/95	1,509,000	2,901,000	1,392,000	52.0%	713,000	195.1%
01/01/94	1,523,000	2,745,000	1,222,000	55.5%	696,000	175.6%
06/30/93	1,354,000	2,598,000	1,244,000	52.1%	679,000	183.2%
06/30/91	1,061,000	2,342,000	1,281,000	45.3%	663,000	193.2%

Information prior to June 30, 1991 is not available.

Schedule of Contributions from Employers and the Commonwealth of Massachusetts

Year Ended December 31	Annual Required Contribution	Percentage Contributed
1996	\$ 150,561	100%
1995	141,032	100
1994	125,890	100
1993	146,279	100
1992	181,633	100
1991	145,844	100

Notes to Schedules

Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 1997
Actuarial cost method	Individual entry age normal
Amortization method	Approximate level percent of payroll-open
Remaining amortization period	23 years (for original unfunded)
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	8%
Projected salary increases	5.5%
Cost-of-living adjustments	None (funded by Commonwealth of Massachusetts)



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GENERAL FUND

The general fund is the operating fund of the City. It is used to account for all revenues, expenditures and other financial resources except those required to be accounted for in other funds.

Exhibit A-1

GENERAL FUND
Comparative Balance Sheets
June 30, 1997 and 1996
(in thousands)

ASSETS	<u>1997</u>	<u>1996</u>
Cash and investments.....	\$ 254,640	\$ 253,935
Restricted cash and investments.....	16,280	-
Receivables (net, where applicable, of allowance for estimated uncollectible amounts):		
Property taxes.....	103,861	106,762
Motor vehicle excise.....	1,682	7,280
Intergovernmental.....	35,316	35,000
Departmental and other.....	4,931	6,213
Total receivables.....	<u>145,790</u>	<u>155,255</u>
Due from other funds.....	5,475	10,288
Due from component units.....	191,280	141
Due from Boston Medical Center.....	1,569	-
Total assets.....	\$ <u>615,034</u>	\$ <u>419,619</u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Warrants and accounts payable.....	\$ 93,487	\$ 111,451
Accrued liabilities:		
Tax abatement refunds.....	94,096	84,805
Other.....	33,672	35,459
Due to other funds.....	777	894
Deferred revenue.....	286,512	109,903
Matured interest and bonds payable.....	641	661
Total liabilities.....	<u>509,185</u>	<u>343,173</u>
Fund balance:		
Reserved for:		
Reserve for debt service.....	16,280	-
Encumbrances and continuing appropriations.....	22,385	9,579
Unreserved:		
Undesignated.....	67,184	66,867
Total fund balance.....	<u>105,849</u>	<u>76,446</u>
Total liabilities and fund balance.....	\$ <u>615,034</u>	\$ <u>419,619</u>

Exhibit A-2

GENERAL FUND

Comparative Statements of Revenues, Expenditures and Changes in Fund Balance
Years Ended June 30, 1997 and 1996
(in thousands)

	<u>1997</u>	<u>1996</u>
REVENUES:		
Local:		
Real and personal property taxes, net.....	\$ 720,577	\$ 687,404
Excises.....	63,539	57,339
Payments in lieu of taxes.....	52,337	49,540
Fines.....	48,798	47,373
Investment income.....	16,588	22,925
Licenses and permits.....	19,009	19,970
Departmental and other revenue.....	47,968	42,724
Total local revenues.....	<u>968,816</u>	<u>927,275</u>
Intergovernmental:		
Commonwealth of Massachusetts.....	380,440	360,020
Total intergovernmental revenues.....	<u>380,440</u>	<u>360,020</u>
Total revenues.....	<u>1,349,256</u>	<u>1,287,295</u>
EXPENDITURES:		
Current:		
General government.....	55,358	44,060
Human services.....	5,256	5,062
Public safety.....	292,935	279,098
Public works.....	55,843	60,700
Property and development.....	30,519	26,103
Parks and recreation.....	11,272	10,700
Library.....	24,014	23,412
Schools.....	478,659	453,572
County.....	7,657	9,592
Judgments and claims.....	20,136	9,872
Other employee benefits.....	75,693	67,989
Retirement costs.....	72,299	68,068
State and district assessments.....	62,457	61,600
Capital outlays.....	4,783	5,613
Debt Service.....	100,523	110,481
Total expenditures.....	<u>1,297,404</u>	<u>1,235,922</u>
Excess of revenues over expenditures.....	<u>51,852</u>	<u>51,373</u>
OTHER FINANCING SOURCES (USES):		
Proceeds from refinancing lease purchase agreement.....	-	20,814
Payments to escrow agent.....	-	(20,760)
Operating Transfers in	18,595	636
Operating Transfers to component unit	(60,890)	(73,787)
Operating Transfers from component unit	19,846	-
Total other financing sources (uses).....	<u>(22,449)</u>	<u>(73,097)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	<u>29,403</u>	<u>(21,724)</u>
Fund balance, beginning of year, as previously reported	<u>76,446</u>	<u>98,170</u>
Fund balance, end of year.....	<u>\$ 105,849</u>	<u>\$ 76,446</u>

Exhibit A-3

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 1997

(in thousands)

(with comparative actual amounts for 1996)

Classification	1997				Variance Favorable (Unfavorable)	1996 Actual
	Original Budget	Final Budget	Actual			
PROPERTY TAXES						
Real and Personal Property Taxes.....	\$ 710,916	\$ 710,916	\$ 710,953	\$ 37	\$	682,694
Revenue class total	710,916	710,916	710,953	37		682,694
MOTOR VEHICLE EXCISE						
Motor Vehicle Excise - Current	25,000	25,000	18,333	(6,667)		16,213
Motor Vehicle Excise - Prior Years.....	-	-	11,943	11,943		11,428
Boat Excise - Current	20	20	-	(20)		3
Revenue class total	25,020	25,020	30,276	5,256		27,644
OTHER EXCISE TAXES						
Hotel / Motel Room Excise.....	16,500	16,500	19,671	3,171		17,582
Aircraft Fuel Excise.....	12,000	12,000	12,078	78		12,011
Condominium Con. Excise.....	140	140	144	4		102
County Deeds Excise Fund.....	-	-	1,370	1,370		-
Urban Redevelopment Ch. 121A.....	22,371	22,371	25,809	3,438		23,877
Revenue class total	51,011	51,011	59,072	8,061		53,572
COMMONWEALTH OF MASSACHUSETTS						
State Owned Lands.....	164	164	-	(164)		144

(continued)

Exhibit A-3 (continued)

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 1997

(in thousands)

(with comparative actual amounts for 1996)

<u>Classification</u>	1997			Variance Favorable (Unfavorable)	1996 Actual
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		
R.E. Abatements - Elderly.....	39	39	-	(39)	73
R.E. Abatements - Other.....	264	264	264	-	264
R.E. Abatements - Blind.....	27	27	-	(27)	55
Elderly Exemptions 1977 Chapter 967.....	899	899	790	(109)	911
Municipal Stabilization Aid.....	-	-	-	-	1,701
State Lottery Local Aid.....	41,108	41,108	41,108	-	37,489
Highways - Local Aid.....	836	836	836	-	836
Veterans Services - Local Aid.....	1,211	1,211	718	(493)	1,455
Pensions - Retired Teachers.....	35,000	35,000	34,860	(140)	34,822
Local Aid - Add'l Assistance Chapter 36.....	206,638	206,638	206,638	-	206,638
Racing Taxes.....	422	422	577	155	413
School Construction - State.....	13,726	13,726	13,609	(117)	12,941
School Aid Chapter 70.....	106,410	106,410	105,134	(1,276)	86,267
Transportation of Pupils.....	9,670	9,670	10,099	429	10,142
Tuition For State Wards.....	725	725	433	(292)	587
Revenue class total	417,139	417,139	415,066	(2,073)	394,738

(continued)

Exhibit A-3 (continued)

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 1997

(in thousands)

(with comparative actual amounts for 1996)

Classification	1997			Variance Favorable (Unfavorable)	1996 Actual
	Original Budget	Final Budget	Actual		
HEALTH AND HOSPITALS					
Boston City Hospital.....	-	-	-	-	199,841
Mattapan Hospital.....	-	-	-	-	6,978
Revenue class total	-	-	-	-	206,819
DEPARTMENTAL & OTHER REVENUE					
Penalties & Interest - Property Taxes.....	1,350	1,350	1,263	(87)	1,335
Penalties & Interest - Motor Vehicle.....	1,900	1,900	2,818	918	2,188
Penalties & Interest - Tax Title.....	4,400	4,400	4,751	351	5,097
Penalties & Interest - Boat Excise.....	1	1	-	(1)	-
Damage to City Property.....	-	-	-	-	1
Purchasing Services.....	50	50	42	(8)	91
Registry Division Fees.....	870	870	871	1	814
City Record Sale of Publications.....	55	55	50	(5)	48
Assessing Fees.....	35	35	35	-	37
Liens.....	625	625	635	10	666
City Clerk Fees.....	375	375	397	22	379

(continued)

Exhibit A-3 (continued)

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 1997

(in thousands)

(with comparative actual amounts for 1996)

Classification	1997			Variance		1996
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)	Actual	
Election Fees.....	135	135	166	31	115	
Rent Equity Fees.....	5	5	1	(4)	-	
Public Health Support Payments.....	5,500	5,500	8,722	3,222	10,915	
City Council Sale of Publications.....	1	1	1	-	1	
Other General Services.....	40	40	59	19	47	
Police Services.....	900	900	871	(29)	910	
Fire Services.....	1,700	1,700	2,112	412	1,728	
Civil Defense.....	-	-	4	4	-	
Parking Facilities.....	910	910	1,989	1,079	1,902	
Street, Sidewalk and Curb Repairs.....	2,000	2,000	1,931	(69)	2,112	
Demolition of Abandoned Structures.....	5	5	5	-	240	
Building - Rents.....	400	400	272	(128)	358	
Real Property - Other.....	-	-	137	137	-	
Other Revenues - Public Facilities.....	90	90	95	5	91	
Concessions - Parks.....	10	10	10	-	17	
Public Works - Recycling.....	-	-	-	-	281	
Public Works - Other Charges.....	2	3	2	(1)	6	
Transportation Dept. - Recycled Autos.....	17	17	16	(1)	-	
Tuition and Transportation - Schools.....	475	475	612	137	313	
Instructions - Schools.....	1	1	-	(1)	-	

(continued)

Exhibit A-3 (continued)

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 1997

(in thousands)

(with comparative actual amounts for 1996)

Classification	1997			Variance Favorable (Unfavorable)	1996 Actual
	Original Budget	Final Budget	Actual		
Miscellaneous Receipts - Schools.....	15	15	7	(8)	21
Library Fees.....	150	150	138	(12)	159
Library of Last Recourse.....	-	2,486	2,486	-	2,532
Registry of Deeds.....	1,600	1,600	1,994	394	1,630
Telephone Commissions - Jail.....	1	1	-	(1)	-
Telephone Commissions - Real Property.....	120	120	116	(4)	126
City Workers' Comp. Reimbursement.....	1,100	1,100	674	(426)	1,063
Settlements.....	1,300	1,300	1,224	(76)	894
Special Prosecutors Office.....	35	35	21	(14)	55
Pensions and Annuities.....	2,000	2,000	3,596	1,596	2,014
Indirect Costs Reimbursement.....	500	500	759	259	630
Private Detail - Payroll.....	-	-	(452)	(452)	-
Fire Department Special Detail.....	-	-	5	5	3
Miscellaneous Law.....	1	1	21	20	155
Insurance Proceeds.....	-	-	-	-	4
Property Management - Detail.....	-	-	1	1	-
Contributions and Donations.....	-	-	4	4	-
Prior Year Reimbursements.....	350	350	889	539	1,862
Other General Services.....	3,100	3,100	3,124	24	-
Tellers Adjustment Account.....	1	1	-	(1)	-
Miscellaneous Refunds.....	70	70	175	105	177
Miscellaneous Collections.....	27	27	1,865	1,838	23
Child Support Reimbursement.....	30	30	42	12	35

(continued)

Exhibit A-3 (continued)

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 1997

(in thousands)

(with comparative actual amounts for 1996)

<u>Classification</u>	1997				1996 <u>Actual</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	
Mayor's Office.....	-	-	52	52	-
Miscellaneous - Treasury.....	120	120	47	(73)	378
Paid Detail - Administrative Fees.....	1,475	1,475	1,610	135	1,337
Public Facilities - Administrative Fees.....	10	10	8	(2)	10
Fire - Administrative Fees.....	150	150	209	59	160
Parks and Recreation 10% Admin Fee.....	2	2	2	-	2
Health Insurance Admin Fee.....	50	50	85	35	-
Revenue class total	<u>34,059</u>	<u>36,546</u>	<u>46,569</u>	<u>10,023</u>	<u>42,962</u>
FINES					
Parking Fines.....	43,000	43,000	16,564	(26,436)	15,172
Mail Collection of Parking fines.....	-	-	28,770	28,770	28,520
Municipal Criminal Court.....	30	30	35	5	38
Municipal Civil Court.....	2,300	2,300	3,313	1,013	3,173
East Boston District Court.....	45	45	44	(1)	42
Brighton District Court.....	40	40	40	-	46
Charlestown District Court.....	17	17	15	(2)	3
Dorchester District Court.....	20	20	17	(3)	17
Roxbury District Court.....	20	20	14	(6)	18
South Boston District Court.....	20	20	22	2	20
West Roxbury District Court.....	20	20	17	(3)	21

(continued)

Exhibit A-3 (continued)

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 1997

(in thousands)

(with comparative actual amounts for 1996)

<u>Classification</u>	1997				Variance Favorable (Unfavorable)	1996 Actual
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Actual</u>		
ISD - Board of Appeals.....	2	2	1	(1)	1	
County Jail.....	-	-	4	4	-	
Code Enforcement.....	135	135	108	(27)	167	
Revenue class total	45,649	45,649	48,964	3,315	47,238	
PAYMENTS IN LIEU OF TAXES						
Boston College.....	185	185	185	-	181	
New England Deaconess Hospital.....	42	42	42	-	42	
New England Medical Center Hospital.....	400	400	530	130	543	
Boston Symphony Orchestra.....	27	27	-	(27)	-	
Blue Cross / Blue Shield.....	450	450	-	(450)	485	
Old City Hall.....	550	550	564	14	553	
Boston University.....	650	650	1,600	950	770	
Mass Port Authority.....	10,300	10,300	10,127	(173)	9,833	
Sale of Property - Special Taxes.....	50	50	87	37	125	
Comm. of Mass - Special Taxes.....	-	-	-	-	(3)	
Berkeley School.....	148	148	150	2	147	
Trimount Foundation.....	14	14	14	-	14	
Harvard Community Health Plan.....	223	223	209	(14)	201	

(continued)

Exhibit A-3 (continued)

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 1997

(in thousands)

(with comparative actual amounts for 1996)

<u>Classification</u>	<u>1997</u>			<u>Variance</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>	<u>1996 Actual</u>
Mass General Hospital.....	1,500	1,500	1,437	(63)	1,434
Harvard University.....	1,185	1,185	1,212	27	1,133
Suffolk University.....	73	73	74	1	46
Simmons College.....	30	30	23	(7)	8
Northeastern University.....	124	124	124	-	124
North End Nursing Home.....	56	56	84	28	56
New England School of Law.....	13	13	13	-	13
Brigham and Women's Hospital.....	529	529	529	-	529
Tufts University.....	16	16	16	-	16
Section 2C.....	542	542	271	(271)	74
Boston Medical Center.....	436	436	31	(405)	63
Museum of Fine Arts.....	43	43	42	(1)	42
Children's Hospital.....	230	230	198	(32)	183
Showa.....	78	78	78	-	77
Wentworth Institute.....	2	2	2	-	2
Emerson College.....	19	19	19	-	19
Spaulding Rehabilitation Hospital.....	48	48	49	1	51
MASCO.....	63	63	63	-	63
Beth Israel Hospital.....	125	125	195	70	125
Massachusetts Mental Health Program.....	20	20	24	4	20
E.O.C.D.....	11	11	11	-	11

(continued)

Exhibit A-3 (continued)

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 1997

(in thousands)

(with comparative actual amounts for 1996)

Classification	1997			Variance		1996
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)	Actual	
Bay Cove Human Services.....	21	21	11	(10)	-	
Domicilia.....	3	3	3	-	3	
Noble School House.....	13	13	13	-	-	
Wang.....	35	35	-	(35)	94	
Mass College of Pharmacy.....	87	87	87	-	28	
Boston Housing Authority.....	100	100	-	(100)	251	
Prudential Insurance Co.....	100	100	160	60	113	
Jamaica Tower and Townhouse.....	249	249	94	(155)	119	
Back Bay Manor Apartments.....	-	-	5	5	30	
St. Joseph Community Inc.....	4	4	3	(1)	2	
Jewish Comm. Housing Elderly Inc.....	76	76	76	-	73	
Roxse Homes, Inc.....	-	-	1	1	-	
One Beacon Street.....	1,141	1,141	1,001	(140)	1,162	
Jewish Comm. Housing Elderly II.....	84	84	85	1	81	
Newcastle Associates.....	24	24	12	(12)	-	
Summer Street Realty Corp.....	-	-	218	218	-	
Rockingham Glen Associates.....	1	1	-	(1)	-	

(continued)

Exhibit A-3 (continued)

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 1997

(in thousands)

(with comparative actual amounts for 1996)

Classification	1997					Variance Favorable (Unfavorable)	1996 Actual
	Original Budget	Final Budget	Actual				
Tenants Development Corp.....	129	129	106	(23)	125		
Gardner Apartments Associates.....	1	1	-	(1)	2		
Vivendas Associates.....	129	129	124	(5)	124		
Mercantile Wharf Associates.....	42	42	-	(42)	41		
Quincy Tower Associates.....	86	86	81	(5)	83		
Franklin Park Associates.....	87	87	75	(12)	82		
Citizens Bank.....	38	38	63	25	31		
Allied Stores Gen. Re. Corp.....	669	669	656	(13)	656		
Conway Court Associates.....	15	15	4	(11)	-		
Jewish Comm. Housing Elderly III.....	84	84	79	(5)	80		
Anderson Street Associates.....	29	29	2	(27)	27		
Mission Park Corp.....	13	13	10	(3)	5		
Concord House Company.....	-	-	-	-	2		
Woodbury Cunard Associates.....	1	1	2	1	-		
Medical Area Total Energy.....	1,822	1,822	1,382	(440)	1,201		
Madison Park III Associates.....	124	124	120	(4)	120		
Victory Gardens Associates.....	5	5	3	(2)	-		
Reservoir Towers Associates.....	169	169	196	27	162		
Bowdoin School Associates.....	8	8	8	-	8		
Borinquen Associates.....	15	15	13	(2)	14		

(continued)

Exhibit A-3 (continued)

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 1997

(in thousands)

(with comparative actual amounts for 1996)

Classification	1997			Variance Favorable (Unfavorable)	1996 Actual
	Original Budget	Final Budget	Actual		
Ausonia Homes Associates.....	139	139	132	(7)	135
Smith House Associates.....	3	3	3	-	1
Haynes House Associates.....	4	4	2	(2)	2
Madison Park IV Associates.....	152	152	148	(4)	146
Cottage Brook Associates.....	57	57	49	(8)	54
Intervale - Magnolia Associates.....	52	52	48	(4)	50
Woodledge Associates.....	83	83	71	(12)	80
Woodbourne Community Housing Corp.....	4	4	5	1	3
Weld Park Associates.....	2	2	-	(2)	-
School House '77 Associates.....	13	13	42	29	16
Peterborough House Associates.....	211	211	207	(4)	207
Dorchester Green LP.....	-	-	46	46	-
Mason Place Company.....	12	13	12	(1)	-
Keystone Apartments Co.....	215	215	203	(12)	208
Stearns Company.....	13	13	6	(7)	11
Blake Estates Associates.....	162	162	153	(9)	157
Immobiliare New England.....	19	19	3	(16)	24
Servicenter, Inc.....	-	-	10	10	16
Taurus At Fountain Hill.....	75	75	75	-	73
Marcus Garvey Associates.....	97	97	-	(97)	93
St. Botolph Terrace.....	23	23	28	5	22
Lafayette Place.....	-	-	23	23	-

(continued)

Exhibit A-3 (continued)

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 1997

(in thousands)

(with comparative actual amounts for 1996)

Classification	1997			Variance	1996 Actual
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)	
Casa Maria Housing Corp.....	5	5	-	(5)	-
Hemenway Apt. Co.....	21	20	148	128	
Blake Estates Associates II.....	87	87	82	(5)	84
Back Hill Comm. Devel. Associates.....	51	51	52	1	48
Back Bay Associates.....	-	-	-	-	150
Downtown Boston Prop. Trust.....	-	-	-	-	400
Boston Rehab Associates.....	2	2	1	(1)	2
Savin Hill Apartments Co.....	136	136	133	(3)	132
Wait Street Associates.....	98	98	196	98	-
Adams and Templeton Associates.....	41	41	69	28	77
B'nai B'rith Senior Citizens Housing.....	109	109	172	63	104
Brighton Allston Elderly Home.....	33	33	33	-	32
Bradford Towers Associates.....	234	234	213	(21)	226
Devonshire Towers Trust.....	-	-	-	-	491
1000 Washington Street Inc.....	-	-	222	222	130
Sarah Baker Manor Associates.....	35	35	35	-	35
On Luck Housing Devel. Inc.....	14	14	13	(1)	14
Lafayette Place Hotel Associates.....	-	-	-	-	484
Governor Apt. Associates.....	93	93	88	(5)	90

(continued)

Exhibit A-3 (continued)

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 1997

(in thousands)

(with comparative actual amounts for 1996)

Classification	1997			Variance Favorable (Unfavorable)	1996 Actual
	Original Budget	Final Budget	Actual		
Fieldstone Associates.....	-	-	1	1	-
Atrium on Comm. Ave.....	-	-	15	15	9
Dorchester Housing Associates.....	88	88	170	82	-
Charles H Farnsworth Housing Corp.....	54	54	53	(1)	51
ETC Development Corp.....	144	144	150	6	146
RHC and Associates.....	58	58	57	(1)	56
Building 42 Associates.....	-	-	-	-	(449)
Mt. Pleasant Associates.....	119	119	114	(5)	115
Angela Westover Housing Corp.....	16	16	15	(1)	16
Oxford Place Associates.....	46	46	44	(2)	44
East Canton Street Associates.....	1	1	26	25	-
Rogerson Beacon Associates.....	54	54	73	19	(5)
Dimock-Bragdon Associates.....	38	38	35	(3)	78
Council of Elders.....	-	-	-	-	23
City Square Elderly Housing.....	59	59	71	12	68
Immobilier - Building 103.....	-	-	3	3	-
Allston Landing Limited Partnership.....	6	6	-	(6)	-
Boston Garden Corporation.....	21	21	48	27	22
Miscellaneous In Lieu.....	-	-	-	-	(7)
Marriott Custom House Tower.....	41	41	82	41	-
Egleston Center.....	-	-	1	1	-
Revenue class total	26,626	26,626	26,377	(249)	25,663

(continued)

Exhibit A-3 (continued)

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 1997

(in thousands)

(with comparative actual amounts for 1996)

Classification	1997				1996 Actual
	Original Budget	Final Budget	Actual	Variance	
				Favorable (Unfavorable)	
INVESTMENT INCOME					
Interest on Investments.....	10,000	14,017	16,762	2,745	22,856
Revenue class total	10,000	14,017	16,762	2,745	22,856
LICENSES AND PERMITS					
Building Structures and Permits.....	9,350	9,350	9,200	(150)	11,778
Weights and Measures.....	160	160	168	8	180
Street and Curb Permits.....	1,000	1,000	1,025	25	1,204
Pre-rental Inspections.....	50	50	66	16	19
Misc Charges-Inspectional Services.....	25	25	15	(10)	9
Public Safety-Inspectional Services.....	25	25	43	18	10
Health Inspections.....	850	850	882	32	1,034
Alcoholic Beverages and Licenses.....	2,200	2,200	2,196	(4)	2,195
Entertainment Licenses.....	440	440	466	26	440
Police and Protective Permits.....	425	425	542	117	413
Professional & Occupational Licenses.....	95	95	91	(4)	94
Other Business Licenses and Permits.....	825	825	897	72	870
Cable Television.....	1,700	1,700	1,752	52	1,629
Burial Permits.....	90	90	67	(23)	95
Revenue class total	17,235	17,235	17,410	175	19,970

(continued)

Exhibit A-3 (continued)

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 1997

(in thousands)

(with comparative actual amounts for 1996)

<u>Classification</u>	1997			Variance Favorable (Unfavorable)	1996 Actual
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		
SALE OF PROPERTY					
Sale of City Property	500	500	500	-	500
Revenue class total	500	500	500	-	500
TRANSFERS AND OTHER AVAILABLE FUNDS					
Appropriated Cemetery Trustee	700	700	700	-	500
Appropriated Parking Meter Receipts	8,500	8,500	8,500	-	7,000
Other Available Funds	138	138	-	(138)	-
Revenue class total	9,338	9,338	9,200	(138)	7,500
Total Revenues and Other Financing Sources	\$ 1,347,493	\$ 1,353,997	\$ 1,381,149	\$ 27,152	\$ 1,532,156



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Exhibit A-4

GENERAL FUND

Schedule of Expenditures, Encumbrances and Other Financing Uses Compared to Budget (Budgetary Basis)

Year Ended June 30, 1997

(in thousands)

(with comparative actual amounts for 1996)

	1997			Variance Favorable (Unfavorable)	1996 Actual
	Original Budget	Final Budget	Actual		
GENERAL GOVERNMENT					
Mayor's Office.....	\$ 1,573	1,573	1,573	-	1,553
City Council.....	2,807	2,807	2,690	117	2,660
Consumer Affairs and Licensing.....	334	334	305	29	316
Office of Community Partnerships.....	839	862	862	-	599
Election Department - Election Division.....	2,671	2,671	2,638	33	2,748
Election Department - Listing Board.....	393	393	292	101	326
Auditing Department.....	1,478	1,508	1,479	29	1,377
Assessing Department.....	4,832	5,140	5,140	-	4,696
Treasury Department - Collecting Division.....	2,459	2,409	2,262	147	2,364
Treasury Department - Treasury Division.....	1,327	1,377	1,359	18	1,235
Office of Budget Management.....	2,059	2,338	2,283	55	3,406
Human Resources.....	1,223	1,286	1,192	94	1,220
Purchasing Division.....	1,067	1,068	1,058	10	1,007
Office of Chief Operating Officer.....	348	831	720	111	452
Printing Division.....	1,415	1,415	1,238	177	1,049
Office Labor Relations.....	524	839	792	47	542
Management Information System.....	7,070	6,793	6,736	57	6,651
Intergovernmental Relations.....	782	799	799	-	775
Law Department.....	3,851	4,501	3,841	660	3,962
Workers' Compensation Division.....	519	519	504	15	510

(continued)

Exhibit A-4 (continued)

GENERAL FUND
 Schedule of Expenditures, Encumbrances and Other Financing Uses Compared to Budget (Budgetary Basis)
 Year Ended June 30, 1997
 (in thousands)
 (with comparative actual amounts for 1996)

	1997				1996
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
Minority/Women's Business.....	354	354	346	8	351
Office of Boston Residents Job Policy.....	281	281	280	1	260
City Clerk.....	660	710	701	9	625
Registry Division.....	745	745	729	16	708
Management Fund.....	210	210	210	-	210
Finance Commission.....	150	150	147	3	144
Major Vendor Clearing Account.....	-	-	373	(373)	-
Lease Contracts Clearing Account.....	-	-	460	(460)	-
SPO Intelepath Centrex.....	-	-	1,212	(1,212)	-
Reserve Fund.....	-	-	11,000	(11,000)	755
Office of Civil Rights.....	603	603	300	303	390
Emergency Shelter Commission.....	389	392	379	13	366
Press Office.....	204	228	226	2	189
Neighborhood Services.....	1,200	1,200	1,142	58	1,110
Special Events and Tourism.....	1,041	1,041	1,037	4	971
Capital Planning.....	350	366	317	49	260
Women's Commission.....	125	125	121	4	111
Office of Cultural Affairs.....	357	360	360	-	315
Costs of Issuance - RANS.....	500	500	446	54	126
Annual Audit Costs.....	600	600	567	33	581
Function total	45,340	47,328	58,116	(10,788)	44,920
HUMAN SERVICES					
Rental Housing Resource Center.....	876	876	776	100	1,066
Elderly Commission.....	2,252	2,252	2,218	34	1,913
Veterans Services Department.....	2,489	2,489	2,388	101	2,387
Function total	5,617	5,617	5,382	235	5,366

(continued)

Exhibit A-4 (continued)

GENERAL FUND

Schedule of Expenditures, Encumbrances and Other Financing Uses Compared to Budget (Budgetary Basis)

Year Ended June 30, 1997

(in thousands)

(with comparative actual amounts for 1996)

	1997				1996
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
PUBLIC SAFETY					
Police Department.....	166,980	166,980	167,660	(680)	155,994
Fire Department.....	96,760	96,760	99,106	(2,346)	94,112
Transportation - Traffic Division.....	13,978	14,034	14,180	(146)	14,895
Transportation - Parking Clerk.....	7,605	7,550	7,352	198	7,481
Licensing Board.....	471	471	470	1	400
Inspectional Services Department.....	10,219	10,033	9,681	352	8,489
Youth Fund.....	4,253	5,674	5,674	-	4,988
Function total	300,266	301,502	304,123	(2,621)	286,359
PUBLIC WORKS					
Public Works Department.....	52,441	52,441	52,417	24	52,418
Snow Removal.....	3,249	3,249	5,025	(1,776)	10,732
Function total	55,690	55,690	57,442	(1,752)	63,150
PROPERTY AND DEVELOPMENT					
Property Management.....	12,419	12,934	12,902	32	12,071
Central Maintenance Facility.....	2,652	2,652	2,264	388	1,163
Public Facilities Department.....	4,352	4,652	4,526	126	4,132

(continued)

Exhibit A-4 (continued)

GENERAL FUND

Schedule of Expenditures, Encumbrances and Other Financing Uses Compared to Budget (Budgetary Basis)

Year Ended June 30, 1997

(in thousands)

(with comparative actual amounts for 1996)

	1997				1996
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
PFD - Community Schools Division.....	11,541	11,541	11,187	354	10,347
Function total	30,964	31,779	30,879	900	27,713
PARKS AND RECREATION					
Parks and Recreation Department.....	9,440	9,590	9,373	217	9,066
Environment Department.....	725	755	712	43	671
Cemetery Division.....	1,268	1,268	1,230	38	1,282
Function total	11,433	11,613	11,315	298	11,019
LIBRARY					
Library Department.....	21,524	24,016	24,016	-	23,414
Function total	21,524	24,016	24,016	-	23,414
SCHOOLS					
General School Purposes.....	471,768	475,623	475,612	11	456,151
Function total	471,768	475,623	475,612	11	456,151
PUBLIC HEALTH					
Department of Health and Hospitals.....	-	-	-	-	282,302
Public Health Commission.....	60,890	60,890	60,890	-	-
Function total	60,890	60,890	60,890	-	282,302
COUNTY					
Registry of Deeds.....	1,646	1,646	1,624	22	1,588
Suffolk County Jail.....	5,875	6,038	6,038	-	8,000
Function total	7,521	7,684	7,662	22	9,588

(continued)

Exhibit A-4 (continued)

GENERAL FUND

Schedule of Expenditures, Encumbrances and Other Financing Uses Compared to Budget (Budgetary Basis)

Year Ended June 30, 1997

(in thousands)

(with comparative actual amounts for 1996)

	1997				1996 Actual
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
JUDGMENTS AND CLAIMS					
Execution of Courts.....	8,500	8,500	17,938	(9,438)	9,954
Function total	8,500	8,500	17,938	(9,438)	9,954
OTHER EMPLOYEE BENEFITS					
Medicare Payments.....	2,426	2,426	2,492	(66)	1,942
Health Benefits and Insurance.....	69,273	68,837	69,870	(1,033)	62,755
Unemployment Compensation.....	50	50	465	(415)	1
Workers' Compensation Fund.....	3,729	3,729	4,062	(333)	3,459
Function total	75,478	75,042	76,889	(1,847)	68,157
PENSION COSTS					
Retirement Board.....	1,376	1,376	1,376	-	1,361
Pensions and Annuities - City.....	6,500	5,695	5,626	69	6,145
Pensions and Annuities - County.....	500	500	414	86	443
State - Boston Retirement System.....	98,706	98,706	99,743	(1,037)	94,105
Function total	107,082	106,277	107,159	(882)	102,054
STATE & DISTRICT ASSESSMENTS					
State Exam of Retirement.....	286	286	286	-	297
Health Insurance/Retirement.....	644	644	644	-	727

(continued)

Exhibit A-4 (continued)

GENERAL FUND

Schedule of Expenditures, Encumbrances and Other Financing Uses Compared to Budget (Budgetary Basis)
 Year Ended June 30, 1997
 (in thousands)
 (with comparative actual amounts for 1996)

	1997				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	1996 Actual
Parking Surcharge.....	4,060	4,060	3,319	741	4,060
Mosquito Control Projects.....	166	166	128	38	131
Special Education Chapter 766.....	374	374	695	(321)	451
Metropolitan Air Pollution Center.....	118	118	118	-	116
Metropolitan Area Planning	126	126	126	-	124
M.B.T.A. Assessments.....	57,163	57,163	57,131	32	55,684
M.D.C. Assessments.....	10	10	10	-	10
Function total	62,947	62,947	62,457	490	61,600
DEBT REQUIREMENTS					
Redemption of City Loans.....	49,607	49,607	48,699	908	48,548
City Debt and Interest Payments.....	29,866	29,866	29,866	-	29,654
Interest on Temporary Notes.....	3,000	16	-	16	-
Function total	82,473	79,489	78,565	924	78,202
Total Expenditures \$	1,347,493	1,353,997	1,378,445	(24,448)	1,529,949



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SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources, other than debt service, trust funds or capital projects, that are legally restricted for specific purposes.

City Fund accounts for a number of small federal and state grants administered by the City's individual departments. These funds provide additional support to department programs.

Revolving Fund accounts for funds that are set aside, generally by state statute, that are used to support the City's general fund operations. These funds are directly linked to a specific activity and are available without further City Council appropriation.

Boston Public Schools accounts for funds provided by the U.S. Department of Education and the Commonwealth's Department of Education for the Boston Public Schools. These funds directly support a number of educational programs for the City's residents.

Community Development Block Grants (CDBG) are funds from the U.S. Department of Housing and Urban Development (HUD) through the CDBG program. These funds are used to support eligible community development and social programs.

Empowerment Zone Program are funds provided through HUD's Empowerment Zone program. These grants are used for various residential, commercial and industrial projects within the City.

Home Bill Program are funds used to support housing, commercial development and social service programs in City neighborhoods.

Neighborhood Development Fund (NDF) accounts for loan repayments from the Urban Development Action Grants (UDAG). These funds are used for Title I eligible activities in the City's neighborhoods.

Building Loan Program are short term loans for eligible activities provided through the CDBG program's unexpended balances.

HUD Grants Fund accounts for funds primarily used to either benefit low and moderate income persons or aid in the prevention or elimination of slums or blight.

Boston Redevelopment Authority was reclassified to be reported as a Discretely Presented Component Unit on July 1, 1996.

Exhibit B-1

SPECIAL REVENUE FUNDS

Combining Balance Sheet

June 30, 1997

(in thousands)

(with comparative totals for 1996)

	<u>City Fund</u>	<u>Revolving Fund</u>	<u>Boston Public Schools</u>
ASSETS			
Cash and investments.....	\$ 5,417	\$ 80,564	\$ 794
Restricted cash and investments.....	-	-	-
Receivables (net, where applicable, of allowance for estimated uncollectible amounts):			
Intergovernmental.....	1,987	110	14,334
Departmental and other.....	409	137	30
Total receivables.....	<u>2,396</u>	<u>247</u>	<u>14,364</u>
Due from other funds.....	-	-	-
Total assets.....	<u>\$ 7,813</u>	<u>\$ 80,811</u>	<u>\$ 15,158</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Warrants and accounts payable.....	\$ 3,650	\$ 1,499	\$ 13,185
Accrued liabilities:			
Other.....	943	30,837	224
Due to other funds.....	-	-	-
Deferred revenue.....	-	-	-
Total liabilities.....	<u>4,593</u>	<u>32,336</u>	<u>13,409</u>
Fund balance:			
Reserved for:			
Encumbrances and continuing appropriations.....	5,556	6,434	1,533
Unreserved:			
Undesignated.....	(2,336)	42,041	216
Total fund balance (deficit).....	<u>3,220</u>	<u>48,475</u>	<u>1,749</u>
Total liabilities and fund balance.....	<u>\$ 7,813</u>	<u>\$ 80,811</u>	<u>\$ 15,158</u>

City of Boston, Massachusetts

<u>Community Development Block Grant</u>	<u>Empowerment Zone Program</u>	<u>Home Bill Program</u>	<u>Neighborhood Development</u>
\$ 2,491	\$ 27	\$ 41	\$ 12,467
-	-	-	4,175
635	-	1,273	-
9	-	212	-
<u>644</u>	<u>-</u>	<u>1,485</u>	<u>-</u>
174	-	-	-
<u>\$ 3,309</u>	<u>\$ 27</u>	<u>\$ 1,526</u>	<u>\$ 16,642</u>
\$ 646	\$ -	\$ 442	\$ 1,638
1,440	32	-	2,320
1,408	-	-	-
-	-	-	-
<u>3,494</u>	<u>32</u>	<u>442</u>	<u>3,958</u>
13,236	165	4,120	2,299
(13,421)	(170)	(3,036)	10,385
<u>(185)</u>	<u>(5)</u>	<u>1,084</u>	<u>12,684</u>
<u>\$ 3,309</u>	<u>\$ 27</u>	<u>\$ 1,526</u>	<u>\$ 16,642</u>

(continued)

Exhibit B-1 (continued)

SPECIAL REVENUE FUNDS

Combining Balance Sheet

June 30, 1997

(in thousands)

(with comparative totals for 1996)

	Building Loan Program	HUD Grants
ASSETS		
Cash and investments.....	\$ -	\$ 493
Restricted cash and investments.....	-	-
Receivables (net, where applicable, of allowance for estimated uncollectible amounts):		
Intergovernmental.....	312	459
Departmental and other.....	-	5
Total receivables.....	<u>312</u>	<u>464</u>
Due from other funds.....	-	-
Total assets.....	\$ <u>312</u>	\$ <u>957</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Warrants and accounts payable.....	\$ 1,701	\$ 332
Accrued liabilities:		
Other.....	-	1
Due to other funds.....	-	174
Deferred revenue.....	-	-
Total liabilities.....	<u>1,701</u>	<u>507</u>
Fund balance:		
Reserved for:		
Encumbrances and continuing appropriations.....	-	29,513
Unreserved:		
Undesignated.....	(1,389)	(29,063)
Total fund balance (deficit).....	<u>(1,389)</u>	<u>450</u>
Total liabilities and fund balance.....	\$ <u>312</u>	\$ <u>957</u>

Totals			
<u>1997</u>		<u>1996</u>	
\$	102,294	\$	111,978
	4,175		18,448
	19,110		20,364
	802		16,390
	<u>19,912</u>		<u>36,754</u>
	174		34
\$	<u><u>126,555</u></u>	\$	<u><u>167,214</u></u>
\$	23,093	\$	23,344
	35,797		38,426
	1,582		161
	-		15,458
	<u>60,472</u>		<u>77,389</u>
	62,856		70,616
	3,227		19,209
	<u>66,083</u>		<u>89,825</u>
\$	<u><u>126,555</u></u>	\$	<u><u>167,214</u></u>

City of Boston, Massachusetts

Exhibit B-2

SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 1997

(in thousands)

(with comparative totals for 1996)

	City Fund	Revolving Fund	Boston Public Schools
REVENUES:			
Local:			
Investment income.....	\$ -	\$ -	\$ -
Departmental and other revenue.....	347	22,056	474
Total local revenues.....	347	22,056	474
Intergovernmental:			
Federal	17,696	1,090	56,937
Commonwealth of Massachusetts.....	76,020	7,380	11,115
Total intergovernmental revenues.....	93,716	8,470	68,052
Total revenues.....	94,063	30,526	68,526
EXPENDITURES:			
Current operations:			
General government.....	2,030	23,177	-
Human services.....	4,146	8	-
Public safety.....	12,643	9,352	-
Public works.....	145	-	-
Parks and recreation.....	3,005	1,384	-
Library.....	-	1,164	-
Schools.....	-	175	65,785
County.....	68,273	3,004	-
Retirement costs.....	-	-	-
Community development.....	1,764	315	-
Capital outlays.....	709	-	1,824
Debt service.....	-	-	-
Total expenditures.....	92,715	38,579	67,609
Excess (deficiency) of revenues over expenditures.....	1,348	(8,053)	917
OTHER FINANCING SOURCES (USES):			
Proceeds of debt.....	-	-	-
Operating transfers out.....	-	(707)	-
Total other financing sources (uses).....	-	(707)	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses before extraordinary item.....	1,348	(8,760)	917
EXTRAORDINARY ITEMS			
Gain on early retirement of debt.....	-	-	-
Excess (deficiency) of revenues, other financing sources, and extraordinary items over expenditures and other financing uses.....	1,348	(8,760)	917
Fund balance (deficit), beginning of year, as previously reported.....	1,872	57,235	832
Adjustments to beginning fund balance.....	-	-	-
Residual equity transfer.....	-	-	-
Reclassification of component units from blended to discrete presentation.....	-	-	-
Fund balance (deficit), end of year.....	\$ 3,220	\$ 48,475	\$ 1,749

City of Boston, Massachusetts

Community Development Block Grant	Empowerment Zone Program	Home Bill Program	Neighborhood Development
\$ -	\$ -	\$ -	-
-	-	-	-
-	-	-	-
28,553	1,446	9,931	2,351
-	-	-	-
28,553	1,446	9,931	2,351
28,553	1,446	9,931	2,351
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
27,709	2,568	9,121	14,497
3,569	-	-	-
-	141	-	1,345
31,278	2,709	9,121	15,842
(2,725)	(1,263)	810	(13,491)
-	-	-	-
-	-	-	-
-	-	-	-
(2,725)	(1,263)	810	(13,491)
-	-	-	-
(2,725)	(1,263)	810	(13,491)
2,540	1,258	274	26,175
-	-	-	-
-	-	-	-
-	-	-	-
\$ (185)	\$ (5)	\$ 1,084	\$ 12,684

(continued)

Exhibit B-2 (continued)

SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 1997

(in thousands)

(with comparative totals for 1996)

	Building Loan Program	HUD Grants	Boston Redevelopment Authority
REVENUES:			
Local:			
Investment income.....	\$ -	\$ -	\$ -
Departmental and other revenue.....	-	-	-
Total local revenues.....	-	-	-
Intergovernmental:			
Federal	2,006	8,045	-
Commonwealth of Massachusetts.....	-	-	-
Total intergovernmental revenues.....	2,006	8,045	-
Total revenues.....	2,006	8,045	-
EXPENDITURES:			
Current operations:			
General government.....	-	-	-
Human services.....	-	-	-
Public safety.....	-	-	-
Public works.....	-	-	-
Parks and recreation.....	-	-	-
Library.....	-	-	-
Schools.....	-	-	-
County.....	-	-	-
Retirement costs.....	-	-	-
Community development.....	-	7,795	-
Capital outlays.....	-	-	-
Debt service.....	-	-	-
Total expenditures.....	-	7,795	-
Excess (deficiency) of revenues over expenditures.....	2,006	250	-
OTHER FINANCING SOURCES (USES):			
Proceeds of debt.....	-	-	-
Operating transfers out.....	-	-	-
Total other financing sources (uses).....	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses before extraordinary item.....	2,006	250	-
EXTRAORDINARY ITEMS			
Gain on early retirement of debt.....	-	-	-
Excess (deficiency) of revenues, other financing sources, and extraordinary items over expenditures and other financing uses.....	2,006	250	-
Fund balance (deficit), beginning of year, as previously reported.....	(3,395)	200	2,834
Adjustments to beginning fund balance.....	-	-	-
Residual equity transfer.....	-	-	-
Reclassification of component units from blended to discrete presentation.....	-	-	(2,834)
Fund balance (deficit), end of year.....	\$ (1,389)	\$ 450	\$ -

City of Boston, Massachusetts

Totals	
1997	1996
\$ -	\$ 177
<u>22,877</u>	<u>16,648</u>
<u>22,877</u>	<u>16,825</u>
128,055	117,701
<u>94,515</u>	<u>71,985</u>
<u>222,570</u>	<u>189,686</u>
<u>245,447</u>	<u>206,511</u>
25,207	10,656
4,154	3,285
21,995	18,653
145	19
4,389	3,389
1,164	1,222
65,960	67,154
71,277	61,852
-	729
63,769	47,049
6,102	11,950
<u>1,486</u>	<u>1,357</u>
<u>265,648</u>	<u>227,315</u>
<u>(20,201)</u>	<u>(20,804)</u>
-	1,495
<u>(707)</u>	<u>(22)</u>
<u>(707)</u>	<u>1,473</u>
(20,908)	(19,331)
-	3,539
(20,908)	(15,792)
89,825	110,277
-	(3,729)
-	(931)
(2,834)	-
\$ <u><u>66,083</u></u>	\$ <u><u>89,825</u></u>



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CAPITAL PROJECT FUNDS

These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. Such resources are derived principally from proceeds of general obligation bonds and from federal and state grants.

Departmental Equipment accounts for capital equipment provided to all City departments ranging from computer hardware to fire trucks and snow plows.

School Projects accounts for the construction, renovation and repairs to all school buildings.

Public Buildings accounts for the construction, renovation and repairs to all City-owned buildings.

Sale of City Property accounts for proceeds derived from the sale of City-owned properties.

Hospital Facilities accounts for the renovation and repairs to buildings on the former Boston City Hospital campus now under the administration of the Boston Public Health Commission.

Urban and Economic Development accounts for the construction, renovation and rehabilitation to buildings and structures approved by the City's planning board.

Parks and Recreation accounts for the construction and repair of park areas throughout the City.

Parking Facilities accounts for the construction and repair of City-owned parking facilities throughout the City.

Public Works accounts for the construction, maintenance and repair of public work projects such as bridges, street lighting, sidewalks, water mains and sewer drainage.

Chapter 90 Public Ways accounts for the design, engineering, construction and reconstruction of major roadways, streets and sidewalks.

Trust Funds accounts for funds authorized for specific capital purposes as designated by each trust.

Bond Refunding accounts for funds received from the refunding of bond debt.

Other account for other miscellaneous expenditures for various projects.

Exhibit C-1

CAPITAL PROJECTS FUNDS

Combining Balance Sheet

June 30, 1997

(in thousands)

(with comparative totals for 1996)

	<u>Departmental Equipment</u>	<u>School Projects</u>	<u>Public Buildings</u>
ASSETS			
Cash and investments.....	\$ -	\$ 429	\$ 5,924
Receivables (net, where applicable, of allowance for estimated uncollectible amounts):			
Intergovernmental.....	-	-	-
Total receivables.....	-	-	-
Total assets.....	\$ -	\$ 429	\$ 5,924
LIABILITIES AND FUND BALANCE			
Liabilities:			
Warrants and accounts payable.....	\$ 821	\$ 665	\$ 448
Due to other funds.....	9	233	537
Total liabilities.....	830	898	985
Fund balance:			
Reserved for:			
Encumbrances and continuing appropriations.....	2,204	34,179	49,924
Unreserved:			
Undesignated.....	(3,034)	(34,648)	(44,985)
Total fund balance (deficit).....	(830)	(469)	4,939
Total liabilities and fund balance.....	\$ -	\$ 429	\$ 5,924

City of Boston, Massachusetts

<u>Sale of City Property</u>	<u>Hospital Facilities</u>	<u>Urban and Economic Development</u>	<u>Parks and Recreation</u>	<u>Parking Facilities</u>
\$ 33,908	\$ 1,975	\$ -	\$ -	223
-	-	-	-	-
-	-	-	-	-
<u>\$ 33,908</u>	<u>\$ 1,975</u>	<u>\$ -</u>	<u>\$ -</u>	<u>223</u>
\$ -	\$ 1,788	\$ 1,118	\$ 3,693	-
-	-	-	132	-
<u>-</u>	<u>1,788</u>	<u>1,118</u>	<u>3,825</u>	<u>-</u>
33,908	214	2,675	7,763	80
-	(27)	(3,793)	(11,588)	143
<u>33,908</u>	<u>187</u>	<u>(1,118)</u>	<u>(3,825)</u>	<u>223</u>
<u>\$ 33,908</u>	<u>\$ 1,975</u>	<u>\$ -</u>	<u>\$ -</u>	<u>223</u>

(continued)

Exhibit C-1 (continued)

CAPITAL PROJECTS FUNDS

Combining Balance Sheet

June 30, 1997

(in thousands)

(with comparative totals for 1996)

	<u>Public Works</u>	<u>Chapter 90 Public Ways</u>	<u>Trust Funds</u>
ASSETS			
Cash and investments.....	\$ -	\$ -	\$ 26
Receivables (net, where applicable, of allowance for estimated uncollectible amounts):			
Intergovernmental.....	-	-	-
Total receivables.....	-	-	-
Total assets.....	\$ -	\$ -	\$ 26
LIABILITIES AND FUND BALANCE			
Liabilities:			
Warrants and accounts payable.....	\$ 4,510	\$ 2,860	\$ -
Due to other funds.....	595	-	-
Total liabilities.....	5,105	2,860	-
Fund balance:			
Reserved for:			
Encumbrances and continuing appropriations.....	12,489	14,172	1,155
Unreserved:			
Undesignated.....	(17,594)	(17,032)	(1,129)
Total fund balance (deficit).....	(5,105)	(2,860)	26
Total liabilities and fund balance.....	\$ -	\$ -	\$ 26

City of Boston, Massachusetts

<u>Bond Refunding</u>	<u>Other</u>	<u>Totals</u>	
		<u>1997</u>	<u>1996</u>
\$ -	\$ 4,548	\$ 47,033	\$ 66,208
-	-	-	80
-	-	-	80
<u>\$ -</u>	<u>\$ 4,548</u>	<u>\$ 47,033</u>	<u>\$ 66,288</u>
\$ -	\$ 474	\$ 16,377	\$ 16,330
-	-	1,506	1,541
<u>-</u>	<u>474</u>	<u>17,883</u>	<u>17,871</u>
-	-	158,763	118,506
-	4,074	(129,613)	(70,089)
-	4,074	29,150	48,417
<u>\$ -</u>	<u>\$ 4,548</u>	<u>\$ 47,033</u>	<u>\$ 66,288</u>

Exhibit C-2

CAPITAL PROJECTS FUNDS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 1997

(in thousands)

(with comparative totals for 1996)

	<u>Departmental Equipment</u>	<u>School Projects</u>	<u>Public Buildings</u>
REVENUES:			
Local:			
Departmental and other.....	\$ -	-	1,822
Total local revenues.....	-	-	1,822
Intergovernmental:			
Federal.....	-	-	-
Commonwealth of Massachusetts.....	-	-	2,139
Total intergovernmental revenues.....	-	-	2,139
Total revenues.....	-	-	3,961
EXPENDITURES:			
Operating subsidy to Department of Health & Hospitals.....	-	-	-
Capital outlays.....	5,972	20,565	52,281
Debt service.....	76	315	372
Total expenditures.....	6,048	20,880	52,653
Excess (deficiency) of revenues over expenditures.....	(6,048)	(20,880)	(48,692)
OTHER FINANCING SOURCES (USES):			
Proceeds of debt and capital leases.....	2,244	26,550	40,734
Operating transfers out.....	(63)	(195)	(257)
Total other financing sources (uses).....	2,181	26,355	40,477
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(3,867)	5,475	(8,215)
Fund balance (deficit), beginning of year, as previously reported.....	3,037	(5,944)	13,154
Fund balance (deficit), end of year.....	\$ (830)	(469)	4,939

City of Boston, Massachusetts

<u>Sale of City Property</u>	<u>Hospital Facilities</u>	<u>Urban and Economic Development</u>	<u>Parks and Recreation</u>	<u>Parking Facilities</u>
\$ 47	\$ -	\$ -	\$ -	\$ -
47	-	-	-	-
-	-	-	-	-
-	-	-	632	-
-	-	-	632	-
47	-	-	632	-
-	-	-	-	-
-	6,065	4,451	11,823	266
-	33	78	105	-
-	6,098	4,529	11,928	266
47	(6,098)	(4,529)	(11,296)	(266)
-	15,098	3,748	6,920	-
-	(16,317)	(131)	(3)	-
-	(1,219)	3,617	6,917	-
47	(7,317)	(912)	(4,379)	(266)
33,861	7,504	(206)	554	489
\$ 33,908	\$ 187	\$ (1,118)	\$ (3,825)	\$ 223

(continued)

Exhibit C-2 (continued)

CAPITAL PROJECTS FUNDS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 1997

(in thousands)

(with comparative totals for 1996)

	<u>Public Works</u>	<u>Chapter 90 Public Ways</u>	<u>Trust Funds</u>
REVENUES:			
Local:			
Departmental and other.....	\$ -	\$ -	247
Total local revenues.....	<u>-</u>	<u>-</u>	<u>247</u>
Intergovernmental:			
Federal.....	220	-	-
Commonwealth of Massachusetts.....	531	6,903	-
Total intergovernmental revenues.....	<u>751</u>	<u>6,903</u>	<u>-</u>
Total revenues.....	<u>751</u>	<u>6,903</u>	<u>247</u>
EXPENDITURES:			
Operating subsidy to Department of Health & Hospitals.....	-	-	-
Capital outlays.....	13,675	6,726	230
Debt service.....	227	-	-
Total expenditures.....	<u>13,902</u>	<u>6,726</u>	<u>230</u>
Excess (deficiency) of revenues over expenditures.....	<u>(13,151)</u>	<u>177</u>	<u>17</u>
OTHER FINANCING SOURCES (USES):			
Proceeds of debt and capital leases.....	10,986	-	-
Operating transfers out.....	(178)	-	-
Total other financing sources (uses).....	<u>10,808</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(2,343)	177	17
Fund balance (deficit), beginning of year, as previously reported.....	(2,762)	(3,037)	9
Fund balance (deficit), end of year.....	\$ <u>(5,105)</u>	\$ <u>(2,860)</u>	<u>26</u>

City of Boston, Massachusetts

<u>Bond Refunding</u>	<u>Other</u>	<u>Totals</u>	
		<u>1997</u>	<u>1996</u>
\$ -	\$ -	\$ 2,116	\$ 1,645
-	-	2,116	1,645
-	-	220	483
-	-	10,205	8,989
-	-	10,425	9,472
-	-	12,541	11,117
-	-	-	3,391
-	9,042	131,096	120,945
-	44	1,250	308
-	9,086	132,346	124,644
-	(9,086)	(119,805)	(113,527)
-	11,446	117,726	79,698
(44)	-	(17,188)	(114)
(44)	11,446	100,538	79,584
(44)	2,360	(19,267)	(33,943)
44	1,714	48,417	82,360
\$ -	\$ 4,074	\$ 29,150	\$ 48,417



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ENTERPRISE FUNDS

These funds are used to account for activities operated in a manner similar to private business enterprise or where periodic determination of revenues, expenses and net income is needed.

Economic Development Industrial Corporation was reclassified to be reported as a Discretely Presented Component Unit on July 1, 1996.

City of Boston, Massachusetts

Exhibit D-1

ENTERPRISE FUND Combining Balance Sheet June 30, 1997 (in thousands) (with comparative totals for 1996)

ASSETS	Economic Development Industrial Corporation	Totals	
		1997	1996
Cash and investments.....	\$ -	\$ -	\$ 5,249
Restricted cash and investments.....	-	-	1,139
Receivables (net, where applicable, of allowance for estimated uncollectible amounts):			
Intergovernmental.....	-	-	3,708
Departmental and other.....	-	-	11,093
Total receivables.....	-	-	14,801
Other assets.....	-	-	1,254
Property, plant and equipment, net of accumulated depreciation.....	-	-	25,408
Total assets.....	\$ -	\$ -	\$ 47,851
LIABILITIES AND FUND EQUITY			
Liabilities:			
Warrants and accounts payable.....	\$ -	\$ -	\$ 1,242
Intergovernmental.....	-	-	3,648
Due to other funds.....	-	-	2,008
Deferred revenue	-	-	10,120
Bonds and notes payable.....	-	-	20,843
Total liabilities.....	-	-	37,861
Fund equity:			
Retained earnings.....	-	-	9,990
Total fund equity.....	-	-	9,990
Total liabilities and fund equity.....	\$ -	\$ -	\$ 47,851

Exhibit D-2

ENTERPRISE FUND

Combining Statement of Revenues, Expenses and Changes in Fund Equity

Year Ended June 30, 1997

(in thousands)

(with comparative totals for 1996)

	Economic Development Industrial Corporation	Totals	
		1997	1996
REVENUES:			
Rental income.....	\$ -	\$ -	\$ 6,228
Miscellaneous.....	-	-	593
Total operating revenues.....	-	-	6,821
EXPENSES:			
Salaries and wages.....	-	-	5,257
Professional fees.....	-	-	496
Administrative and general.....	-	-	2,045
Materials and supplies.....	-	-	64
Depreciation.....	-	-	1,257
Bad debts.....	-	-	300
Subsidies for community services, special programs and real estate operations.....	-	-	10,578
Total operating expenses.....	-	-	19,997
Operating loss.....	-	-	(13,176)
Nonoperating revenues and expenses:			
Grant income.....	-	-	14,873
Interest income.....	-	-	1,294
Interest expense.....	-	-	(1,217)
Total nonoperating revenue.....	-	-	14,950
Income before transfers.....	-	-	1,774
Transfers to component units	-	-	(62,708)
Net loss.....	-	-	(60,934)
Fund equity, beginning of year.....	9,990	9,990	70,924
Reclassification of component unit from blended to discrete presentation.....	(9,990)	(9,990)	-
Fund equity, at end of year.....	\$ -	\$ -	\$ 9,990

City of Boston, Massachusetts

Exhibit D-3 ENTERPRISE FUND Combining Statement of Cash Flows Year Ended June 30, 1997 (in thousands) (with comparative totals for 1996)

	Economic Development Industrial Corporation	Totals	
		1997	1996
Cash Flows From Operating Activities:			
Operating income (loss).....	\$ -	\$ -	\$ (13,176)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization.....	-	-	1,257
Provisions for bad debt.....	-	-	300
Changes in operating assets and liabilities:			
Accounts receivable.....	-	-	(131)
Intergovernmental receivables.....	-	-	515
Other assets.....	-	-	(21)
Accounts payable.....	-	-	11
Other accrued liabilities.....	-	-	253
Deferred revenue.....	-	-	(739)
Net cash provided (used) by operating activities.....	-	-	(11,731)
Cash Flows From Noncapital Financing Activities:			
Advances from grantors.....	-	-	14,873
Transfers to component units.....	-	-	(65,234)
Net cash provided (used) by noncapital financing activities.....	-	-	(50,361)
Cash Flows From Capital and Related Financing Activities:			
Acquisition and construction of capital assets.....	-	-	(1,578)
Interest paid on debt.....	-	-	(1,217)
Repayment of long-term debt.....	-	-	(3,180)
Payments on lease obligations.....	-	-	(4)
Net cash provided (used) by capital and related financing activities.....	-	-	(5,979)
Cash Flows From Investing Activities:			
Purchase of investment securities.....	-	-	(7,985)
Proceeds from sale of investment securities.....	-	-	8,529
Investment income.....	-	-	1,294
Net cash provided (used) by investing activities.....	-	-	1,838
Increase (decrease) in cash and cash equivalents.....	-	-	(66,233)
Cash and cash equivalents, beginning of year.....	1,668	1,668	67,901
Reclassification of component units.....	(1,668)	(1,668)	-
Cash and cash equivalents, end of year.....	-	-	1,668
Investments, end of year.....	-	-	4,720
Total cash and investments, end of year.....	\$ -	\$ -	\$ 6,388

INTERNAL SERVICE FUND

The internal service fund accounts for the City's self insurance for health benefits provided by Blue Cross/Blue Shield for City employees, their dependents and retirees.

Exhibit E-1

INTERNAL SERVICE FUND

Comparative Balance Sheet

June 30, 1997

(in thousands)

(with comparative totals for 1996)

	1997	1996
ASSETS		
Receivables :		
Departmental and other receivables.....	\$ 900	\$ 1,549
Due from other funds.....	777	838
Due from component units.....	135	-
Total assets.....	<u>\$ 1,812</u>	<u>\$ 2,387</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Warrants and accounts payable.....	\$ 3	\$ -
Accrued judgments and claims.....	11,192	14,629
Due to other funds.....	<u>2,420</u>	<u>8,110</u>
Total liabilities.....	<u>13,615</u>	<u>22,739</u>
Fund equity:		
Retained Earnings.....	<u>(11,803)</u>	<u>(20,352)</u>
Total fund deficit.....	<u>(11,803)</u>	<u>(20,352)</u>
Total liabilities and fund equity.....	<u>\$ 1,812</u>	<u>\$ 2,387</u>

Exhibit E-2

INTERNAL SERVICE FUND

Comparative Statement of Revenues, Expenses and Changes in Fund Equity
 Year Ended June 30, 1997
 (in thousands)
 (with comparative totals for 1996)

	<u>1997</u>	<u>1996</u>
REVENUES:		
Employer contributions.....	\$ 49,744	\$ 45,316
Employee contributions.....	16,653	15,377
Miscellaneous.....	442	161
Total operating revenues.....	<u>66,839</u>	<u>60,854</u>
EXPENSES:		
Administrative and general.....	421	24
Health benefits.....	<u>57,869</u>	<u>79,055</u>
Total operating expenses.....	<u>58,290</u>	<u>79,079</u>
Operating income (loss).....	8,549	(18,225)
Fund deficit, beginning of year, as previously reported.....	(20,352)	-
Residual equity transfer.....	-	(2,127)
Fund deficit, end of year.....	<u>\$ (11,803)</u>	<u>\$ (20,352)</u>

Exhibit E-3
INTERNAL SERVICE FUND
 Comparative Statement of Cash Flows
 Year Ended June 30, 1997
 (in thousands)
 (with comparative totals for 1996)

	<u>1997</u>	<u>1996</u>
Cash Flows From Operating Activities:		
Operating income (loss).....	\$ 8,549	\$ (18,225)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Changes in operating assets and liabilities:		
Accounts receivable.....	650	(1,462)
Due to/from other funds.....	(5,765)	5,298
Other accrued liabilities.....	(3,434)	14,389
Net cash provided (used) by operating activities.....	<u>-</u>	<u>-</u>
Increase (decrease) in cash and cash equivalents.....	-	-
Cash and cash equivalents, beginning of year.....	<u>-</u>	<u>-</u>
Cash and cash equivalents, end of year.....	<u><u>-</u></u>	<u><u>-</u></u>

TRUST AND AGENCY FUNDS

PENSION TRUST FUNDS

State-Boston Retirement System is a defined benefit contributory retirement plan covering employees of the City of Boston, Boston Public Health Commission, Boston Housing Authority, Boston Redevelopment Authority and the Boston Water and Sewer Commission. The system is subject to benefit provisions and financing requirements set forth primarily in Chapter 32 of the Massachusetts General Laws.

Boston Retirement System is the independent contributory plan system available exclusively to City of Boston employees who were employed prior to October 1, 1946.

NONEXPENDABLE TRUST FUNDS

City Funds are used for the maintenance and improvement of the City's parks and cemeteries and the erection and maintenance of statues and monuments for the use and enjoyment of City residents.

School Funds are used for scholarship awards, the purchase of educational equipment and the aid of needy students.

George Robert White Fund was formed by the will of George R. White dated May 21, 1920. The will requires that the Fund's income be used for the creation of public utility and beauty for the use and enjoyment of the inhabitants of the City.

Trustees of the Boston Public Library Fund was reclassified to be reported as a Discretely Presented Component Unit on July 1, 1996.

EXPENDABLE TRUST FUNDS

City Funds, School Funds and the George Robert White Fund account for the accumulated interest and dividends generated from the Nonexpendable Trust Funds awaiting expenditure or reinvestment of principal and income.

Law Enforcement Trust Fund accounts for proceeds from property seized from illegal drug related activities. Funds can be used to defray the costs of protracted investigations, to provide technical equipment or expertise and provide matching funds for federal grants.

Neighborhood Housing Fund was established to support the creation and preservation of affordable housing for low and moderate income residents of Boston. Developers of certain large-scale commercial real estate projects in the City are required to make contributions in the form of payments to the Fund.

Neighborhood Jobs Fund was established to protect and provide employment opportunities for low and moderate income residents of Boston. As mandated by the Boston Zoning Code, developers of certain large-scale commercial real estate projects in the City are required to make contributions to the Fund over a two year period.

AGENCY FUND

City Deferred Compensation Plan Fund is used to account for voluntary contributions received from employees which are invested in a deferred compensation program.

Exhibit F-1

TRUST and AGENCY FUNDS

Combining Balance Sheet

June 30, 1997

(in thousands)

(with comparative totals for 1996)

	Pension Trust Funds		
	<u>State-Boston Retirement System</u>	<u>Boston Retirement System</u>	<u>Total Pension Trust Funds</u>
ASSETS			
Cash and investments.....	\$ 1,986,885	\$ 133	\$ 1,987,018
Restricted cash and investments.....	-	-	-
Receivables (net, where applicable, of allowance for estimated uncollectible amounts):			
Intergovernmental.....	29,144	-	29,144
Departmental and other.....	30,487	82	30,569
Total receivables.....	<u>59,631</u>	<u>82</u>	<u>59,713</u>
Due from other funds.....	58,306	73	58,379
Property, plant and equipment, net of accumulated depreciation.....	-	-	-
Total assets.....	<u>\$ 2,104,822</u>	<u>\$ 288</u>	<u>\$ 2,105,110</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Warrants and accounts payable.....	\$ 36,896	\$ -	\$ 36,896
Other accrued liabilities.....	5,743	-	5,743
Due to other funds.....	-	-	-
Deferred compensation benefits payable.....	-	-	-
Bonds and notes payable.....	-	-	-
Total liabilities.....	<u>42,639</u>	<u>-</u>	<u>42,639</u>
Fund Equity:			
Reserved for:			
Endowments.....	-	-	-
Encumbrances and continuing appropriations.....	-	-	-
Employee retirement system.....	2,062,183	288	2,062,471
Unreserved:			
Undesignated.....	-	-	-
Total fund equity.....	<u>2,062,183</u>	<u>288</u>	<u>2,062,471</u>
Total liabilities and fund equity.....	<u>\$ 2,104,822</u>	<u>\$ 288</u>	<u>\$ 2,105,110</u>

City of Boston, Massachusetts

Nonexpendable Trust Funds			
<u>City Funds</u>	<u>School Funds</u>	<u>George Robert White Fund</u>	<u>Total Nonexpendable Trust Funds</u>
\$ 34,568	\$ 620	\$ 14,501	\$ 49,689
-	-	-	-
-	-	-	-
12	-	-	12
<u>12</u>	<u>-</u>	<u>-</u>	<u>12</u>
-	-	-	-
60	-	131	191
<u>\$ 34,640</u>	<u>\$ 620</u>	<u>\$ 14,632</u>	<u>\$ 49,892</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	1	-	1
-	-	-	-
-	-	-	-
<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>
34,640	619	14,632	49,891
-	-	-	-
-	-	-	-
-	-	-	-
<u>34,640</u>	<u>619</u>	<u>14,632</u>	<u>49,891</u>
<u>\$ 34,640</u>	<u>\$ 620</u>	<u>\$ 14,632</u>	<u>\$ 49,892</u>

(continued)

Exhibit F-1 (continued)

TRUST and AGENCY FUNDS

Combining Balance Sheet

June 30, 1997

(in thousands)

(with comparative totals for 1996)

	<u>Expendable Trust Funds</u>		
	<u>City Funds</u>	<u>School Funds</u>	<u>George Robert White Fund</u>
ASSETS			
Cash and investments.....	\$ 15,030	\$ 256	\$ 625
Restricted cash and investments.....	-	-	-
Receivables (net, where applicable, of allowance for estimated uncollectible amounts):			
Intergovernmental.....	-	-	-
Departmental and other.....	144	-	-
Total receivables.....	<u>144</u>	<u>-</u>	<u>-</u>
Due from other funds.....	-	-	-
Property, plant and equipment, net of accumulated depreciation.....	-	-	-
Total assets.....	<u>\$ 15,174</u>	<u>\$ 256</u>	<u>\$ 625</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Warrants and accounts payable.....	\$ 17	\$ -	\$ -
Other accrued liabilities.....	-	-	11
Due to other funds.....	173	-	40
Deferred compensation benefits payable.....	-	-	-
Bonds and notes payable.....	-	-	-
Total liabilities.....	<u>190</u>	<u>-</u>	<u>51</u>
Fund Equity:			
Reserved for:			
Endowments.....	-	-	-
Encumbrances and continuing appropriations.....	3,246	-	-
Employee retirement system.....	-	-	-
Unreserved:			
Undesignated.....	<u>11,738</u>	<u>256</u>	<u>574</u>
Total fund equity.....	<u>14,984</u>	<u>256</u>	<u>574</u>
Total liabilities and fund equity.....	<u>\$ 15,174</u>	<u>\$ 256</u>	<u>\$ 625</u>

City of Boston, Massachusetts

Expendable Trust Funds			
<u>Law Enforcement Trust Fund</u>	<u>Neighborhood Housing Fund</u>	<u>Neighborhood Jobs Fund</u>	<u>Total Expendable Trust Funds</u>
\$ 60	\$ 6,640	\$ 743	\$ 23,354
-	-	-	-
-	1,351	-	1,351
-	4,256	76	4,476
-	5,607	76	5,827
-	-	8	8
-	-	-	-
\$ <u>60</u>	\$ <u>12,247</u>	\$ <u>827</u>	\$ <u>29,189</u>
\$ -	\$ 1	\$ 51	\$ 69
-	-	9	20
-	8	-	221
-	-	-	-
-	3,348	-	3,348
-	3,357	60	3,658
-	-	-	-
-	-	-	3,246
-	-	-	-
60	8,890	767	22,285
60	8,890	767	25,531
\$ <u>60</u>	\$ <u>12,247</u>	\$ <u>827</u>	\$ <u>29,189</u>

(continued)

Exhibit F-1 (continued)

TRUST and AGENCY FUNDS

Combining Balance Sheet

June 30, 1997

(in thousands)

(with comparative totals for 1996)

	<u>Agency Fund</u>	
	City Deferred Compensation Plan	Total Agency Fund
ASSETS		
Cash and investments.....	-	-
Restricted cash and investments.....	158,369	158,369
Receivables (net, where applicable, of allowance for estimated uncollectible amounts):		
Intergovernmental.....	-	-
Departmental and other.....	-	-
Total receivables.....	-	-
Due from other funds.....	-	-
Property, plant and equipment, net of accumulated depreciation.....	-	-
Total assets.....	<u>158,369</u>	<u>158,369</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Warrants and accounts payable.....	-	-
Other accrued liabilities.....	-	-
Due to other funds.....	-	-
Deferred compensation benefits payable.....	158,369	158,369
Bonds and notes payable.....	-	-
Total liabilities.....	<u>158,369</u>	<u>158,369</u>
Fund Equity:		
Reserved for:		
Endowments.....	-	-
Encumbrances and continuing appropriations.....	-	-
Employee retirement system.....	-	-
Unreserved:		
Undesignated.....	-	-
Total fund equity.....	-	-
Total liabilities and fund equity.....	<u>158,369</u>	<u>158,369</u>

Totals	
1997	1996
2,060,061	1,873,213
158,369	130,283
30,495	9,614
35,057	86,108
65,552	95,722
58,387	59,342
191	1,133
2,342,560	2,159,693
36,965	76,149
5,763	1,635
222	684
158,369	129,842
3,348	4,352
204,667	212,662
49,891	82,023
3,246	3,132
2,062,471	1,834,627
22,285	27,249
2,137,893	1,947,031
2,342,560	2,159,693

Exhibit F-2

PENSION TRUST FUNDS

Combining Statement of Changes in Plan Net Assets

Year Ended June 30, 1997

(in thousands)

(with comparative totals for 1996)

	State-Boston Retirement System	Boston Retirement System	Totals
	1997	1996	
ADDITIONS:			
Contributions:			
Employer.....	\$ 127,882	\$ 73	\$ 127,955
Employee.....	62,860	-	62,860
Total contributions.....	190,742	73	190,815
Investment Income:			
Realized and unrealized gains on investments.....	184,402	-	184,402
Interest.....	50,093	16	50,109
Total investment income.....	234,495	16	234,511
Intergovernmental.....	26,626	-	26,626
Total additions.....	451,863	89	451,952
DEDUCTIONS:			
Benefits.....	193,633	247	193,880
Refunds of contributions.....	28,735	-	28,735
Administrative expenses.....	1,493	-	1,493
Total deductions.....	223,861	247	224,108
Net increase (decrease).....	228,002	(158)	227,844
Net assets held in trust for pension benefits:			
Beginning of year.....	1,834,181	446	1,834,627
Adjustment to beginning net assets.....	-	-	-
End of year.....	\$ 2,062,183	\$ 288	\$ 2,062,471
			\$ 1,834,627

Exhibit F-3

NONEXPENDABLE TRUST FUNDS

Combining Statement of Revenues, Expenses and Changes in Fund Equity

Year Ended June 30, 1997

(in thousands)

(with comparative totals for 1996)

	City Funds	School Funds	George Robert White Fund	Trustees of the Public Library	Totals
					1997 1996
REVENUES:					
Contributions and donations.....	\$ 450	\$ -	\$ -	\$ -	450 \$ 14,714
Investment income.....	3,515	49	1,076	-	4,640 11,212
Miscellaneous.....	-	-	-	-	- 1,121
Total operating revenues.....	3,965	49	1,076	-	5,090 27,047
EXPENSES:					
Professional fees.....	-	-	-	-	- 2
Administrative and general.....	-	-	-	-	- 1,117
Libraries.....	-	-	-	-	- 14,014
Scholarships and awards.....	-	-	-	-	- 17
Total operating expenses.....	-	-	-	-	- 15,150
Operating income	3,965	49	1,076	-	5,090 11,897
Operating transfers out.....	(2,325)	(44)	(625)	-	(2,994) (4,067)
Excess of revenues over expenditures.....	1,640	5	451	-	2,096 7,830
Fund equity, beginning of year, as previously reported.....	33,000	614	14,181	36,946	84,741 75,980
Residual equity transfer	-	-	-	-	- 931
Reclassification of component units from blended to discrete presentation.....	-	-	-	(36,946)	(36,946) -
Fund equity, end of year.....	\$ 34,640	\$ 619	\$ 14,632	\$ -	\$ 49,891 \$ 84,741

Exhibit F-4

NONEXPENDABLE TRUST FUNDS

Combining Statement of Cash Flows

Year Ended June 30, 1997

(in thousands)

(with comparative totals for 1996)

	City Funds	School Funds	George Robert White Fund	Trustees of the Public Library	Totals	1996
Cash flows from operating activities:						
Operating income	\$ 3,965	\$ 49	\$ 1,076	\$ -	\$ 5,090	\$ 11,897
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Reclassification of investment income	(3,515)	(49)	(1,076)	-	(4,640)	-
Net realized gains	-	-	-	-	-	(1,946)
Changes in operating assets and liabilities:						
Accounts receivable	54	-	-	-	54	(63)
Intergovernmental receivables	-	-	-	-	-	1,073
Due to/from other funds	(93)	-	-	-	(93)	(450)
Other assets	(28)	(1)	(90)	-	(119)	140
Other accrued liabilities	-	-	-	-	-	141
Accounts payable	-	-	-	-	-	214
Net cash provided (used) by operating activities	383	(1)	(90)	-	292	11,006
Cash flows from noncapital financing activities:						
Residual equity transfer	-	-	-	-	-	458
Operating transfers out	(2,325)	(44)	(625)	-	(2,994)	(4,067)
Net cash used by noncapital financing activities	(2,325)	(44)	(625)	-	(2,994)	(3,609)
Cash Flows From Investing Activities:						
Purchase of investment securities	(880)	(499)	(840)	-	(2,219)	(5,825)
Proceeds from sale of investment securities	-	-	-	-	-	18
Investment income	3,515	49	1,076	-	4,640	-
Net cash provided (used) by investing activities	2,635	(450)	236	-	2,421	(5,807)
Increase (decrease) in cash and cash equivalents	693	(495)	(479)	-	(281)	1,590
Cash and cash equivalents, beginning of year	1,262	606	750	1,691	4,309	2,719
Reclassification of component units	-	-	-	(1,691)	(1,691)	-
Cash and cash equivalents, end of year	1,955	111	271	-	2,337	4,309
Investments, end of year	32,613	509	14,230	-	47,352	79,810
Total cash and investments, end of year	\$ 34,568	\$ 620	\$ 14,501	\$ -	\$ 49,689	\$ 84,119



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Exhibit F-5

EXPENDABLE TRUST FUNDS

Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 1997
(in thousands)
(with comparative totals for 1996)

	City Funds	School Funds	George Robert White Fund
REVENUES:			
Investment income.....	\$ 874	\$ 14	\$ 26
Departmental and other.....	1,637	-	25
Total revenues.....	<u>2,511</u>	<u>14</u>	<u>51</u>
EXPENDITURES:			
General government.....	644	12	180
Human services.....	-	-	-
Public works.....	-	-	181
Parks and recreation.....	2,697	-	-
Schools.....	-	24	-
Total expenditures.....	<u>3,341</u>	<u>36</u>	<u>361</u>
Excess (deficiency) of revenues over expenditures.....	(830)	(22)	(310)
OTHER FINANCING SOURCES (USES):			
Operating transfers out.....	(700)	-	-
Operating transfers in.....	2,325	44	625
Transfers to component units.....	-	-	-
Total other financing sources (uses), net.....	<u>1,625</u>	<u>44</u>	<u>625</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	795	22	315
Fund balance, beginning of year, as previously reported.....	14,189	234	259
Residual equity transfer.....	-	-	-
Retroactive change in accounting for certain housing loans.....	-	-	-
Fund balance, end of year.....	<u>\$ 14,984</u>	<u>\$ 256</u>	<u>\$ 574</u>

City of Boston, Massachusetts

Law Enforcement Trust Fund	Neighborhood Housing Fund	Neighborhood Jobs Fund	Totals	
			1997	1996
-	340	35 \$	1,289 \$	1,296
118	2,268	423	4,471	4,806
118	2,608	458	5,760	6,102
94	8	71	1,009	1,035
-	136	331	467	1,525
-	-	-	181	1,898
-	-	-	2,697	1,528
-	-	-	24	33
94	144	402	4,378	6,019
24	2,464	56	1,382	83
-	-	-	(700)	(500)
-	-	-	2,994	4,067
-	-	-	-	(19,304)
-	-	-	2,294	(15,737)
24	2,464	56	3,676	(15,654)
36	12,234	711	27,663	41,190
-	-	-	-	2,127
-	(5,808)	-	(5,808)	-
60	8,890	767 \$	25,531 \$	27,663

Exhibit F-6

AGENCY FUND

Statement of Changes in Assets and Liabilities
(in thousands)

	Balance June 30, 1996	Additions	Deductions	Balance June 30, 1997
<u>City Deferred Compensation Plan</u>				
ASSETS				
Investments of deferred compensation plan.....	\$ 127,572	\$ 40,352	\$ 9,555	\$ 158,369
LIABILITIES				
Deferred compensation benefits payable.....	\$ 127,572	\$ 40,352	\$ 9,555	\$ 158,369

DISCRETELY PRESENTED COMPONENT UNITS

Discretely Presented Component Units are legally separate organizations for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's governing body with certain exceptions, and either (a) the ability to impose will by the primary government, or (b) the potential for the organization to provide financial benefits to, or impose financial burdens on the primary government.

Boston Public Health Commission is an independent body politic and corporate and political subdivision of the Commonwealth, whose purpose is to implement public health programs in the City and serves as the board of health for the City. The commission is also responsible for the City's homeless shelter program, for the development of public health initiatives and for emergency ambulance service in the City.

Trustees of the Boston Public Library is an endowment whose income is restricted to donor - designated purposes or to the general purposes of the Boston Public Library.

Boston Redevelopment Authority is a public body politic and corporate constituting the City's redevelopment authority and exercising the powers of a planning board for the City and, within the City, assuming certain powers of the state Department of Community Affairs.

Economic Development Industrial Corporation is a quasi - public agency of the City of Boston and instrumentality of the Commonwealth, whose purpose is to create and retain industrial companies and jobs through economic development, industrial real estate management, financing and job training.

Exhibit G-1

DISCRETELY PRESENTED COMPONENT UNITS

Combining Balance Sheet

June 30, 1997

(in thousands)

(with comparative totals for 1996)

	Public Health Commission	Trustees of the Public Library
ASSETS		
Cash and investments.....	\$ 15,433	\$ 46,677
Restricted cash and investments.....	3,587	-
Receivables (net, where applicable, of allowance for estimated uncollectible amounts):		
Intergovernmental.....	-	435
Third-party payors.....	3,491	-
Departmental and other.....	7,564	272
Total receivables.....	11,055	707
Due from BMC.....	169,997	-
Other assets.....	-	-
Property, plant and equipment, net of accumulated depreciation.....	17,446	922
Amount to be provided for the retirement of long-term debt.....	185,450	-
Total assets.....	\$ 402,968	\$ 48,306
LIABILITIES AND FUND EQUITY		
Liabilities:		
Warrants and accounts payable.....	\$ 2,611	\$ 1,155
Accrued liabilities:		
Judgments and claims.....	-	-
Sick and vacation.....	-	-
Retirement costs.....	2,843	-
Other.....	7,111	330
Due to BMC.....	9,553	-
Due to primary government.....	191,214	201
Deferred compensation benefits payable.....	-	-
Deferred revenue.....	169,997	-
Bonds and notes payable.....	-	-
Total liabilities.....	383,329	1,686
Fund equity:		
Investment in general fixed assets.....	17,446	-
Retained earnings.....	-	-
Fund balances:		
Reserved for endowments.....	-	43,338
Reserved for encumbrances and continuing appropriations.....	-	-
Unreserved:		
Undesignated.....	2,193	3,282
Total fund balances.....	2,193	46,620
Total fund equity.....	19,639	46,620
Total liabilities and fund equity.....	\$ 402,968	\$ 48,306

City of Boston, Massachusetts

Boston Redevelopment Authority	Economic Development Industrial Corporation	Totals	
		1997	1996
\$ 12,521	\$ 8,748	\$ 83,379	\$ -
2,046	1,454	7,087	-
1,472	2,815	4,722	-
-	-	3,491	-
67,403	10,947	86,186	-
68,875	13,762	94,399	-
-	-	169,997	-
-	1,009	1,009	-
2,417	25,213	45,998	-
3,034	-	188,484	-
\$ 88,893	\$ 50,186	\$ 590,353	\$ -
\$ 55,198	\$ 3,278	\$ 62,242	\$ -
528	-	528	-
1,032	-	1,032	-
-	-	2,843	-
1,603	3,830	12,874	-
-	-	9,553	-
-	-	191,415	-
2,709	-	2,709	-
19,647	10,055	199,699	-
1,475	20,668	22,143	-
82,192	37,831	505,038	-
2,417	-	19,863	-
-	12,355	12,355	-
-	-	43,338	-
37	-	37	-
4,247	-	9,722	-
4,284	-	53,097	-
6,701	12,355	85,315	-
\$ 88,893	\$ 50,186	\$ 590,353	\$ -

Exhibit G-2

DISCRETELY PRESENTED COMPONENT UNITS
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 1997
(in thousands)
(with comparative totals for 1996)

	Boston		Public Health		Totals	
	Redevelopment Authority		Commission		1997	1996
REVENUES:						
Local:						
Investment income	\$ 313	\$	871	\$	1,184	\$
Departmental and other revenue	8,535		20,438		28,973	-
Total local revenues	8,848		21,309		30,157	-
Intergovernmental:						
Federal	5,569		29,739		35,308	-
Total intergovernmental revenues	5,569		29,739		35,308	-
Total revenues	14,417		51,048		65,465	-
EXPENDITURES:						
Current operations:						
General government	9,309		9,887		19,196	-
Public health programs	-		53,730		53,730	-
Retirement costs	729		19,400		20,129	-
Subsidies to BMC and EMS	-		5,811		5,811	-
Assistance grants to BMC	-		7,000		7,000	-
Capital outlays	2,929		-		2,929	-
Total expenditures	12,967		95,828		108,795	-
Excess (deficiency) of revenues over expenditures	1,450		(44,780)		(43,330)	-
OTHER FINANCING SOURCES (USES):						
Transfers in	-		60,890		60,890	-
Transfers out	-		(19,846)		(19,846)	-
Total other financing sources	-		41,044		41,044	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	1,450		(3,736)		(2,286)	-
Fund balance, beginning of year	-		5,929		5,929	-
Reclassification of component units from blended to discrete presentation	2,834		-		2,834	-
Fund balance, end of year	\$ 4,284	\$	2,193	\$	6,477	\$

DISCRETELY PRESENTED COMPONENT UNITS
Combining Statement of Revenues, Expenses and Changes in Fund Equity
Year Ended June 30, 1997
(in thousands)
(with comparative totals for 1996)

	Trustees of the Public Library	Economic Development Industrial Corporation	Totals
	1997	1997	1996
REVENUES:			
Contributions and donations.....	\$ 17,010	\$ -	\$ 17,010
Rental income.....	-	7,543	7,543
Investment income.....	7,466	-	7,466
Net unrealized gain.....	1,033	-	1,033
Miscellaneous.....	315	444	759
Total operating revenues.....	25,824	7,987	33,811
EXPENSES:			
Salaries and wages.....	3,868	4,799	8,667
Professional fees.....	-	658	658
Administrative and general.....	1,919	1,738	3,657
Materials, supplies and equipment.....	9,925	52	9,977
Depreciation.....	20	1,288	1,308
Bad debts.....	-	417	417
Subsidies for community services, special programs and real estate operations.....	624	10,896	11,520
Total operating expenses.....	16,356	19,848	36,204
Operating income (loss).....	9,468	(11,861)	(2,393)
Nonoperating revenues and expenses:			
Grant income.....	206	13,990	14,196
Interest income.....	-	1,284	1,284
Interest expense.....	-	(1,048)	(1,048)
Total nonoperating revenue.....	206	14,226	14,432
Net Income	9,674	2,365	12,039
Fund equity, beginning of year.....	-	-	-
Reclassification of component units from blended to discrete presentation.....	36,946	9,990	46,936
Fund equity, end of year.....	\$ 46,620	\$ 12,355	\$ 58,975

Exhibit G-4

DISCRETELY PRESENTED COMPONENT UNITS

Combining Statement of Cash Flows

Year Ended June 30, 1997

(in thousands)

(with comparative totals for 1996)

	Trustees of the Public Library
Cash Flows From Operating Activities:	
Operating income (loss).....	\$ 9,468
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization.....	20
Net unrealized gains.....	(1,033)
Reclassification of investment income.....	(7,466)
Provisions for bad debt.....	-
Changes in operating assets and liabilities:	
Accounts receivable.....	-
Intergovernmental receivables.....	192
Investment income receivable.....	(272)
Other assets.....	-
Due to/from primary government.....	724
Accounts payable.....	(102)
Other accrued liabilities.....	(46)
Deferred revenue.....	-
Net cash provided (used) by operating activities.....	<u>1,485</u>
Cash Flows From Noncapital Financing Activities:	
Advances from grantors.....	206
Proceeds from debt.....	-
Net cash provided by noncapital financing activities.....	<u>206</u>
Cash Flows From Capital and Related Financing Activities:	
Acquisition and construction of capital assets.....	-
Interest paid on debt.....	-
Repayment of long-term debt.....	-
Net cash used by capital and related financing activities.....	<u>-</u>
Cash Flows From Investing Activities:	
Purchase of investment securities.....	(7,879)
Proceeds from sale of investment securities.....	-
Investment income.....	7,466
Net cash provided (used) by investing activities.....	<u>(413)</u>
Increase in cash and cash equivalents.....	1,278
Cash and cash equivalents, beginning of year.....	-
Reclassification of component units.....	<u>1,691</u>
Cash and cash equivalents, end of year.....	2,969
Investments, end of year.....	43,708
Total cash and investments, end of year.....	\$ <u><u>46,677</u></u>

City of Boston, Massachusetts

Economic Development Industrial Corporation	Totals	
	1997	1996
\$ (11,861) \$	(2,393)	\$ -
1,288	1,308	-
-	(1,033)	-
	(7,466)	-
417	417	-
(281)	(281)	-
1,648	1,840	-
-	(272)	-
1	1	-
-	724	-
27	(75)	-
248	202	-
(820)	(820)	-
<u>(9,333)</u>	<u>(7,848)</u>	<u>-</u>
13,990	14,196	-
245	245	-
<u>14,235</u>	<u>14,441</u>	<u>-</u>
(905)	(905)	-
(1,048)	(1,048)	-
(419)	(419)	-
<u>(2,372)</u>	<u>(2,372)</u>	<u>-</u>
(9,177)	(17,056)	-
8,629	8,629	-
1,284	8,750	-
<u>736</u>	<u>323</u>	<u>-</u>
3,266	4,544	-
-	-	-
<u>1,668</u>	<u>3,359</u>	<u>-</u>
4,934	7,903	-
3,814	47,522	-
<u>\$ 8,748</u> \$	<u>55,425</u>	<u>\$ -</u>



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GENERAL FIXED ASSETS ACCOUNT GROUP

This account group is used to account for the fixed assets owned by the City, exclusive of infrastructure and those relating to proprietary fund operations. Assets were recorded at cost or at amounts considered by management to represent estimated historical cost. In accordance with generally accepted accounting principles for governmental units, depreciation is not required to be recorded on general fixed assets.

Exhibit H-1

Schedule of General Fixed Assets by Source

June 30, 1997 and 1996

(in thousands)

	<u>1997</u>	<u>1996</u>
General fixed assets:		
Land and Buildings.....	\$ 541,380	\$ 509,073
Furniture and Fixtures.....	33,664	33,217
Vehicles and Maintenance Equipment.....	71,037	71,505
Machinery and Equipment.....	48,996	46,782
Total general fixed assets.....	<u>\$ 695,077</u>	<u>\$ 660,577</u>
 Investment in general fixed assets from:		
Acquisitions on or prior to June 30, 1993 ⁽¹⁾	\$ 528,238	\$ 611,741
General Fund.....	97,230	15,000
Special Revenue Fund.....	4,863	3,298
Capital Projects Fund.....	37,351	5,233
Capital Lease Obligations.....	27,395	25,305
Total investment in general fixed assets.....	<u>\$ 695,077</u>	<u>\$ 660,577</u>

(1) It is not practicable to determine the historical sources of general fixed assets acquired prior to June 30, 1993.

Exhibit H-2

Schedule of General Fixed Assets by Function and Activity

June 30, 1997

(in thousands)

Function and Activity	Land and Buildings	Furniture and Fixtures	Vehicles and Maintenance Equipment	Machinery and Equipment	Total
GENERAL GOVERNMENT					
Mayor's Office.....	\$ -	\$ 184	\$ 101	\$ 140	\$ 425
City Council.....	-	78	-	207	285
Consumer Affairs and Licensing.....	-	16	-	20	36
Office of Community Partnerships.....	-	23	-	37	60
Election Department.....	-	80	117	5,497	5,694
Auditing Department.....	-	123	-	187	310
Assessing Department.....	-	261	183	885	1,329
Treasury Department.....	-	111	-	447	558
Office of Budget Management.....	-	93	-	167	260
Human Resources.....	-	87	-	102	189
Purchasing Division.....	-	57	-	396	453
Office of Chief Operating Officer.....	-	14	-	46	60
Printing Division.....	-	22	30	1,201	1,253
Office of Labor Relations.....	-	18	-	48	66
Health Insurance Division.....	-	25	-	40	65
Management Information System.....	-	129	11	4,206	4,346
Intergovernmental Relations.....	-	19	-	23	42
Law Department.....	-	102	-	222	324
Retirement Board.....	-	52	-	126	178
Environment Department.....	-	45	-	75	120
Worker's Compensation Division.....	-	46	-	90	136
Minority\Women's Business Ent.....	-	14	-	20	34
City Clerk.....	-	35	-	88	123
Registry Division.....	-	33	-	403	436
Finance Commission.....	-	12	-	11	23
Fair Housing Commission.....	-	63	-	109	172
Emergency Shelter Commission.....	-	5	27	25	57
Women's Commission.....	-	7	-	6	13
Press Office.....	-	11	5	13	29
Neighborhood Services.....	-	50	28	74	152
Office of Special Events & Tourism.....	-	15	29	30	74
Business and Cultural Development.....	-	14	-	39	53
Total General Government.....	-	1,844	531	14,980	17,355

(continued)

City of Boston, Massachusetts

Exhibit H-2 (continued)

Schedule of General Fixed Assets by Function and Activity

June 30, 1997

(in thousands)

Function and Activity	Land and Buildings	Furniture and Fixtures	Vehicles and Maintenance Equipment	Machinery and Equipment	Total
HUMAN SERVICES					
Rent Equity Board.....	-	63	-	57	120
Elderly Commission.....	-	49	984	93	1,126
Veterans Services Department.....	-	50	-	48	98
Total Human Services.....	-	162	984	198	1,344
PUBLIC SAFETY					
Police Department.....	21,139	895	18,130	10,314	50,478
Fire Department.....	24,842	731	18,220	2,900	46,693
Transportation - Traffic Division.....	-	155	2,777	161	3,093
Transportation - Parking Clerk.....	-	40	-	11	51
Transportation Central Artery Tunnel.....	-	23	-	72	95
Licensing Board.....	-	24	-	36	60
Inspectional Services Department.....	-	348	316	679	1,343
Total Public Safety.....	45,981	2,216	39,443	14,173	101,813
PUBLIC WORKS					
Public Works Department.....	3,606	229	9,152	1,405	14,392
PROPERTY AND DEVELOPMENT					
Property Management.....	34,202	77	934	223	35,436
Public Facilities Department.....	13,311	1,810	201	936	16,258
PFD - Community Schools Division.....	-	748	477	1,121	2,346
Total Property and Development.....	47,513	2,635	1,612	2,280	54,040
PARKS AND RECREATION					
Parks and Recreation Department.....	3,715	176	2,634	500	7,025
LIBRARY					
Library Department.....	13,333	1,454	140	2,665	17,592
SCHOOLS					
General School Purposes.....	427,232	23,843	15,187	10,321	476,583
COUNTY					
Registry of Deeds.....	-	35	-	575	610
Suffolk County Jails.....	-	256	685	1,235	2,176
Suffolk County House of Corrections.....	-	814	669	664	2,147
Total County.....	-	1,105	1,354	2,474	4,933
Total General Fixed Assets..... \$	\$ 541,380	\$ 33,664	\$ 71,037	\$ 48,996	\$ 695,077

Exhibit H-3

Schedule of Changes in General Fixed Assets by Function and Activity

Year Ended June 30, 1997

(in thousands)

Function and Activity	General Fixed Assets July 1, 1996	Additions	Deletions	General Fixed Assets June 30, 1997
GENERAL GOVERNMENT				
Mayor's Office.....	\$ 444	\$ 41	\$ 60	\$ 425
City Council.....	278	12	5	285
Consumer Affairs and Licensing.....	37	9	10	36
Office of Community Partnerships.....	18	42	-	60
Election Department.....	5,645	49	-	5,694
Auditing Department.....	246	146	82	310
Assessing Department.....	1,291	128	90	1,329
Treasury Department.....	634	78	154	558
Office of Budget Management.....	257	31	28	260
Human Resources.....	164	27	2	189
Purchasing Division.....	360	94	1	453
Office of Chief Operating Officer.....	53	10	3	60
Printing Division.....	1,204	49	-	1,253
Office of Labor Relations.....	57	35	26	66
Health Insurance Division.....	62	31	28	65
Management Information System.....	7,950	180	3,784	4,346
Intergovernmental Relations.....	43	2	3	42
Law Department.....	295	138	109	324
Retirement Board.....	100	92	14	178
Environment Department.....	180	-	60	120
Worker's Compensation Division.....	119	23	6	136
Minority/Women's Business Enterprise.....	34	1	1	34
City Clerk.....	92	32	1	123
Registry Division.....	72	371	7	436
Finance Commission.....	27	-	4	23
Boards and Commissions.....	4	-	4	-
Fair Housing Commission.....	159	14	1	172
Emergency Shelter Commission.....	52	5	-	57
Women's Commission.....	14	1	2	13
Press Office.....	25	5	1	29
Neighborhood Services.....	159	16	23	152
Office of Special Events/Tourism.....	58	17	1	74
Business and Cultural Development.....	53	1	1	53
Total General Government	20,186	1,680	4,511	17,355

(continued)

Exhibit H-3 (continued)

Schedule of Changes in General Fixed Assets by Function and Activity
Year Ended June 30, 1997
(in thousands)

Function and Activity	General Fixed Assets July 1, 1996	Additions	Deletions	General Fixed Assets June 30, 1997
HUMAN SERVICES				
Rent Equity Board.....	132	1	13	120
Elderly Commission.....	880	522	276	1,126
Veterans Services Department.....	89	9	-	98
Total Human Services	<u>1,101</u>	<u>532</u>	<u>289</u>	<u>1,344</u>
PUBLIC SAFETY				
Police Department.....	50,215	4,966	4,703	50,478
Fire Department.....	43,958	5,479	2,744	46,693
Transportation - Traffic Division.....	2,848	269	24	3,093
Transportation - Parking Clerk.....	65	-	14	51
Transportation Central Artery Tunnel.....	72	23	-	95
Licensing Board.....	38	31	9	60
Inspectional Services Department.....	1,488	78	223	1,343
Total Public Safety	<u>98,684</u>	<u>10,846</u>	<u>7,717</u>	<u>101,813</u>
PUBLIC WORKS				
Public Works Department.....	11,004	4,655	1,267	14,392
PROPERTY AND DEVELOPMENT				
Property Management.....	31,267	4,358	189	35,436
Public Facilities Department.....	14,972	1,925	639	16,258
PFD - Community Schools Division.....	1,161	1,346	161	2,346
Total Property and Development	<u>47,400</u>	<u>7,629</u>	<u>989</u>	<u>54,040</u>
PARKS AND RECREATION				
Parks and Recreation Department.....	6,770	2,038	1,783	7,025
LIBRARY				
Library Department.....	15,340	2,620	368	17,592
SCHOOLS				
General School Purposes.....	455,656	21,925	998	476,583
COUNTY				
Registry of Deeds.....	565	45	-	610
Suffolk County Jail.....	2,783	89	696	2,176
Suffolk County - House of Corrections.....	1,088	1,111	52	2,147
Total County	<u>4,436</u>	<u>1,245</u>	<u>748</u>	<u>4,933</u>
 Total General Fixed Assets	 \$ <u>660,577</u>	 \$ <u>53,170</u>	 \$ <u>18,670</u>	 \$ <u>695,077</u>

STATISTICAL SECTION

Includes ten-year data for revenues, expenditures, taxes, debt ratios and certain supplemental statistical information.

STATISTICAL INFORMATION

Table-1

General Fund Expenditures by Function (GAAP Basis) ⁽¹⁾
Last Ten Fiscal Years
(in thousands)

<u>Function</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>
General Government	\$ 55,358	\$ 44,060	\$ 35,342	\$ 35,595	\$ 35,886
% of Total	4.3	3.6	2.9	3.5	3.7
% Change	25.6	24.7	(0.7)	(0.8)	(7.6)
Public Safety	\$ 292,935	\$ 279,098	\$ 269,189	\$ 252,668	\$ 235,421
% of Total	22.6	22.3	22.2	24.7	24.0
% Change	5.0	3.7	6.5	7.3	(1.3)
Public Works	\$ 55,843	\$ 60,700	\$ 52,466	\$ 59,481	\$ 53,864
% of Total	4.3	4.9	4.3	5.8	5.5
% Change	(8.0)	15.7	(11.8)	10.4	1.9
Libraries	\$ 24,014	\$ 23,412	\$ 22,276	\$ 21,436	\$ 21,028
% of Total	1.9	1.9	1.8	2.1	2.1
% Change	2.6	5.1	3.9	1.9	2.2
Schools	\$ 478,659	\$ 453,572	\$ 422,359	\$ 405,372	\$ 370,832
% of Total	36.9	36.7	34.9	39.6	37.8
% Change	5.5	7.4	4.2	9.3	(4.3)
Retirement Cost	\$ 72,299	\$ 68,068	\$ 68,230	\$ 59,502	\$ 81,499
% of Total	5.6	5.5	5.6	5.8	8.3
% Change	6.2	(0.2)	14.7	(27.0)	8.8
Other Employee Benefits	\$ 75,693	\$ 67,989	\$ 66,348	\$ 71,175	\$ 68,216
% of Total	5.8	5.5	5.5	7.0	7.0
% Change	11.3	2.5	(6.8)	4.3	2.8
State & District Assessments	\$ 62,457	\$ 61,600	\$ 60,080	\$ 58,272	\$ 55,163
% of Total	4.8	5.0	5.0	5.7	5.6
% Change	1.4	2.5	3.1	5.6	5.3
County	\$ 7,657	\$ 9,592	\$ 14,521	\$ 10,511	\$ 11,096
% of Total	0.6	0.8	1.2	1.0	1.1
% Change	(20.2)	(33.9)	38.2	(5.3)	(65.0)
Property & Development	\$ 30,519	\$ 26,103	\$ 23,087	\$ 21,528	\$ 21,543
% of Total	2.4	2.1	1.9	2.1	2.2
% Change	16.9	13.1	7.2	(0.1)	(2.5)
Other ⁽²⁾	\$ 141,970	\$ 141,728	\$ 175,948	\$ 27,403	\$ 26,696
% of Total	10.9	11.5	14.5	2.7	2.7
% Change	0.2	(19.4)	542.1	2.6	(3.9)
Total Expenditures	\$ 1,297,404	\$ 1,235,922	\$ 1,209,846	\$ 1,022,943	\$ 981,244
% of Total	100.0	100.0	100.0	100.0	100.0
% Change	5.0	2.2	18.3 ⁽³⁾	4.2	(3.2)

(1) Includes General Fund expenditures only. Operating Transfers Out have been excluded from all years.

(2) Includes: Parks, Human Services, Judgments and Claims, Operating Subsidy to DH + H, Capital Outlays and Debt Service.

(3) The 1995 increase of 18.3% is mainly due to the restatement of Operating Subsidy to DH + H from Other Financing Sources to Expenditures.

City of Boston, Massachusetts

	<u>1992</u>	<u>1991</u>	<u>1990</u>	<u>1989</u>	<u>1988</u>	<u>Function</u>
\$	38,825	\$ 44,140	\$ 43,748	\$ 49,930	\$ 43,752	General Government
	3.8	4.2	5.0	5.1	4.7	% of Total
	(12.0)	0.9	(12.4)	14.1	12.7	% Change
\$	238,625	\$ 235,351	\$ 236,840	\$ 216,169	\$ 198,234	Public Safety
	23.5	22.5	23.4	21.9	21.2	% of Total
	1.4	(0.6)	9.6	9.0	16.9	% Change
\$	52,862	\$ 64,226	\$ 65,951	\$ 63,644	\$ 64,962	Public Works
	5.2	6.1	6.5	6.4	7.0	% of Total
	(17.7)	(2.6)	3.6	(2.0)	15.4	% Change
\$	20,567	\$ 21,814	\$ 21,898	\$ 21,459	\$ 20,155	Libraries
	2.0	2.1	2.2	2.2	2.2	% of Total
	(5.7)	(0.4)	2.0	6.5	13.9	% Change
\$	387,438	\$ 396,266	\$ 356,635	\$ 353,081	\$ 322,748	Schools
	38.2	37.9	35.2	34.5	34.6	% of Total
	(2.2)	11.1	1.0	9.4	13.3	% Change
\$	74,921	\$ 78,994	\$ 89,948	\$ 97,551	\$ 102,561	Retirement Cost
	7.4	7.6	8.9	9.9	11.0	% of Total
	(5.2)	(12.2)	(7.8)	(4.9)	10.9	% Change
\$	66,366	\$ 65,836	\$ 57,854	\$ 51,698	\$ 43,791	Other Employee Benefits
	6.5	6.3	5.7	5.2	4.7	% of Total
	0.8	13.8	11.9	18.1	33.2	% Change
\$	52,407	\$ 51,343	\$ 50,308	\$ 48,282	\$ 46,868	State & District Assessments
	5.2	4.9	5.0	4.9	5.0	% of Total
	2.1	2.1	4.2	3.0	3.7	% Change
\$	31,673	\$ 30,728	\$ 27,090	\$ 23,434	\$ 25,867	County
	3.1	2.9	2.7	2.4	2.8	% of Total
	3.1	13.4	15.6	(9.4)	16.6	% Change
\$	22,102	\$ 25,700	\$ 27,746	\$ 27,556	\$ 21,890	Property & Development
	2.2	2.5	2.7	2.8	2.3	% of Total
	(14.0)	(7.4)	0.7	25.9	14.4	% Change
\$	27,765	\$ 31,161	\$ 33,832	\$ 35,677	\$ 43,131	Other ⁽²⁾
	2.7	3.0	3.3	3.6	4.6	% of Total
	(10.9)	(7.9)	(5.2)	(17.3)	7.8	% Change
\$	1,013,551	\$ 1,045,559	\$ 1,011,850	\$ 988,481	\$ 933,959	Total Expenditures
	100.0	100.0	100.0	100.0	100.0	% of Total
	(3.1)	3.3	2.4	5.8	14.0	% Change

Table-2

General Fund Revenues by Source (GAAP Basis) ⁽¹⁾
 Last Ten Fiscal Years
 (in thousands)

<u>Source</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>
Property Taxes	\$ 720,577	\$ 687,404	\$ 654,830	\$ 612,460	\$ 586,532
% of Total	53.4	53.4	53.8	53.2	53.0
% Change	4.8	5.0	6.9	4.4	4.0
Motor Vehicle Excises	\$ 30,276	\$ 27,641	\$ 24,476	\$ 21,704	\$ 30,146
% of Total	2.2	2.1	2.0	1.9	2.7
% Change	9.5	12.9	12.8	(28.0)	58.9
Other Excises ⁽²⁾	\$ 33,263	\$ 29,698	\$ 28,297	\$ 27,607	\$ 25,451
% of Total	2.5	2.3	2.3	2.4	2.3
% Change	12.0	5.0	2.5	8.5	3.8
Departmental & Other	\$ 47,968	\$ 42,724	\$ 37,386	\$ 35,338	\$ 33,066
% of Total	3.6	3.3	3.1	3.1	3.0
% Change	12.3	14.3	5.8	6.9	7.3
State Distributions	\$ 380,440	\$ 360,020	\$ 346,317	\$ 331,431	\$ 305,908
% of Total	28.2	28.0	28.4	28.8	27.6
% Change	5.7	4.0	4.5	8.3	(6.5)
Payment in Lieu of Taxes	\$ 52,337	\$ 49,540	\$ 47,729	\$ 48,083	\$ 49,115
% of Total	3.9	3.8	3.9	4.2	4.4
% Change	5.6	3.8	(0.7)	(2.1)	(23.2)
Fines	\$ 48,798	\$ 47,373	\$ 50,086	\$ 47,252	\$ 51,157
% of Total	3.6	3.7	4.1	4.1	4.6
% Change	3.0	(5.4)	6.0	(7.6)	5.0
Investment Income	\$ 16,588	\$ 22,925	\$ 13,010	\$ 10,752	\$ 8,755
% of Total	1.2	1.8	1.1	0.9	0.8
% Change	(27.6)	76.2	21.0	22.8	(13.9)
Licenses & Permits	\$ 19,009	\$ 19,970	\$ 15,152	\$ 16,839	\$ 16,353
% of Total	1.4	1.6	1.4	1.5	1.5
% Change	(4.8)	31.8	(10.0)	3.0	1.8
Total Revenues	\$ 1,349,256	\$ 1,287,295	\$ 1,217,283	\$ 1,151,466	\$ 1,106,483
% of Total	100.0	100.0	100.0	100.0	100.0
% Change	4.8	5.8	5.7	4.1	0.2

(1) Includes only revenues recorded in the General Fund. Operating Transfers In have been excluded from all years.

(2) Other excise taxes are comprised of hotel/motel and aircraft fuel excises taxes.

City of Boston, Massachusetts

	<u>1992</u>	<u>1991</u>	<u>1990</u>	<u>1989</u>	<u>1988</u>	<u>Source</u>
\$	564,165	\$ 530,163	\$ 477,296	\$ 454,239	\$ 499,607	Property Taxes
	51.1	47.5	42.7	41.6	45.3	% of Total
	6.4	11.1	5.1	(9.1)	39.7	% Change
\$	18,972	\$ 19,021	\$ 27,084	\$ 25,818	\$ 18,358	M.V. Excise Taxes
	1.7	1.7	2.4	2.4	1.7	% of Total
	(0.3)	(29.8)	4.9	40.6	(1.5)	% Change
\$	24,516	\$ 27,920	\$ 21,050	\$ 26,541	\$ 24,575	Other Excises ⁽²⁾
	2.2	2.5	1.9	2.4	2.2	% of Total
	(12.2)	32.6	(20.7)	8.0	100.0	% Change
\$	30,829	\$ 36,406	\$ 45,080	\$ 41,740	\$ 42,253	Departmental & Other
	2.8	3.3	4.0	3.8	3.8	% of Total
	(15.3)	(19.2)	8.0	(1.2)	25.7	% Change
\$	327,330	\$ 369,819	\$ 419,790	\$ 406,353	\$ 382,746	State Distributions
	29.6	33.1	37.5	37.2	34.7	% of Total
	(11.5)	(11.9)	3.3	6.2	6.6	% Change
\$	63,952	\$ 51,377	\$ 53,557	\$ 50,373	\$ 51,788	Payment in Lieu of Taxes
	5.8	4.6	4.8	4.6	4.7	% of Total
	24.5	(4.1)	6.3	(2.7)	11.1	% Change
\$	48,724	\$ 52,304	\$ 43,872	\$ 41,986	\$ 40,559	Fines
	4.4	4.7	3.9	3.8	3.7	% of Total
	(6.8)	19.2	4.5	3.5	10.0	% Change
\$	10,167	\$ 15,902	\$ 16,918	\$ 25,429	\$ 22,870	Investment Income
	0.9	1.4	1.5	2.3	2.1	% of Total
	(36.1)	(6.0)	(33.5)	11.2	13.1	% Change
\$	16,057	\$ 13,492	\$ 14,075	\$ 19,384	\$ 19,990	Licenses & Permits
	1.5	1.2	1.3	1.8	1.8	% of Total
	19.0	(4.1)	(27.4)	(3.0)	7.5	% Change
\$	1,104,712	\$ 1,116,404	\$ 1,118,722	\$ 1,091,863	\$ 1,102,746	Total Revenues
	100.0	100.0	100.0	100.0	100.0	% of Total
	(1.0)	(0.2)	2.5	(1.0)	20.6	% Change

Table-3
Property Tax Levies and Collections
 Last Ten Fiscal Years
 (In Millions of \$)

Fiscal Year	Tax Levy			Tax Levy Collected Within Year of Levy				Tax Levy Net of Refunds Collected as of June 30				All Taxes Collected in Fiscal Year ⁽¹⁾	
	Gross ⁽²⁾	Net	Net % Gross	Gross Amount	%		Gross Levy	Net Amount	%		Gross Levy		Net Levy
					Gross	Net			Gross	Net			
1997	\$ 746.9	\$ 711.6	95.3%	\$ 728.6	97.2%	102.4%	\$ 725.8	96.8%	102.0%	\$ 734.5			
1996	719.9	683.1	94.9%	695.6	96.6%	101.8%	693.6	96.3%	101.5%	692.2			
1995	693.4	658.5	95.0%	666.7	96.1%	101.2%	660.8	95.3%	100.3%	678.6			
1994	663.0	628.0	94.7%	631.9	95.3%	100.6%	624.2	94.1%	99.4%	632.4			
1993	627.4	593.4	94.6%	594.3	94.7%	100.2%	583.8	93.1%	98.4%	607.8			
1992	587.0	559.2	95.3%	554.1	94.4%	99.1%	535.9	91.3%	95.8%	558.5			
1991	555.6	529.2	95.2%	517.8	93.2%	97.8%	495.2	89.1%	93.6%	527.4			
1990	521.0	495.0	95.0%	487.1	93.5%	98.4%	475.4	91.2%	96.0%	486.4			
1989	484.5	460.2	95.0%	456.2	94.2%	99.1%	441.1	91.0%	95.8%	430.5			
1988	452.5	425.6	94.1%	422.4	93.3%	99.2%	415.2	91.8%	97.6%	437.3			

(1) Includes the total amount of taxes (current levy, prior levies, and tax titles), net of refunds, collected during each fiscal year since 1987.

(2) Includes omitted assessments assessed in all fiscal years, and assessments for delinquent water and sewer bills of \$3.4 million, \$2.7 million, \$2.3 million and \$ 3.6 million added to tax levy in fiscal years 1995, 1994, 1993 and 1992, respectively. Water and sewer bills are rendered by the Boston Water and Sewer Commission; commencing in fiscal year 1992 certain delinquent charges were added to City tax bills.

Source: City of Boston Treasury Department

Table-4
Assessed and Estimated Market Value of All Taxable Property
 (in thousands)
 Last Ten Fiscal Years

Fiscal Year	Real Property ⁽¹⁾		Personal Property		Total		Population ⁽³⁾
	Assessed Value	Per Capita	Assessed Value	Per Capita	Assessed Value ⁽²⁾	Per Capita	
1997	\$ 26,848,842	\$ 48,082	\$ 2,205,506	\$ 3,950	\$ 29,054,348	\$ 52,032	558
1996	25,432,925	46,434	2,086,187	3,809	27,519,112	50,243	548
1995	24,216,973	42,169	2,062,605	3,592	26,279,578	45,761	574
1994	23,215,458	40,425	1,809,288	3,151	25,024,746	43,576	574
1993	23,769,097	41,389	1,744,726	3,038	25,513,823	44,427	574
1992	26,338,862	45,864	1,519,099	2,645	27,857,961	48,509	574
1991	32,828,943	57,165	1,336,554	2,327	34,165,497	59,492	574
1990	32,449,287	56,157	1,223,936	2,118	33,673,223	58,275	578
1989	32,126,544	55,599	1,205,971	2,087	33,332,515	57,686	578
1988	26,264,874	45,454	1,746,615	3,023	28,011,489	48,477	578

(1) Exempt residential properties not included.

(2) The assessed valuation of taxable property reflects 100% of the full and fair cash value.

(3) Population estimates are from Bureau of the Census.

Source: City of Boston Assessing Department

Table-5

Property Tax Rates
Direct and Overlapping Governments ⁽¹⁾
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Class</u>	<u>Schools</u>	<u>City General</u>	<u>Total</u>	<u>% Change</u>
1997	Residential	-	\$ 13.73	\$ 13.73	(0.4) %
	C.I.P.	-	41.50	41.50	(2.6) %
1996	Residential	-	13.78	13.78	(0.6) %
	C.I.P.	-	42.59	42.59	(0.2) %
1995	Residential	-	13.86	13.86	(0.8) %
	C.I.P.	-	42.66	42.66	(0.1) %
1994	Residential	-	13.97	13.97	8.5 %
	C.I.P.	-	42.72	42.72	6.8 %
1993 ⁽²⁾	Residential	-	12.88	12.88	15.2 %
	C.I.P.	-	39.99	39.99	16.7 %
1992	Residential	\$ 5.97	5.21	11.18	25.2 %
	C.I.P.	18.30	15.97	34.27	36.6 %
1991	Residential	4.00	4.93	8.93	5.7 %
	C.I.P.	15.00	10.09	25.09	4.9 %
1990	Residential	4.63	3.82	8.45	6.0 %
	C.I.P.	13.09	10.82	23.91	6.6 %
1989	Residential	4.32	3.65	7.97	(26.0) %
	C.I.P.	12.16	10.28	22.44	3.6 %
1988	Residential	5.87	4.90	10.77	(10.4) %
	C.I.P.	11.80	9.86	21.66	(8.0) %

(1) Real and personal property tax rates are per \$1,000 of assessed value.

(2) Beginning with Fiscal Year 1993 City and Schools rates are combined.

C.I.P. = Commercial, Industrial and Personal Property.

Source: City of Boston Assessing Department

Table-6
Ratio of General Obligation Bonded Debt to Assessed Value
and Net Bonded Debt Per Capita
 (in thousands)
 Last Ten Fiscal Years

Fiscal Year	Population ⁽¹⁾	Assessed Value ⁽²⁾⁽³⁾	Gross Bonded Debt ⁽⁴⁾	Less: Self-Supporting Debt	Less: Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1997	558	\$ 29,054,348	\$ 602,225	\$ 150	-	\$ 602,075	2.1%	\$ 1,079.0
1996	548	27,519,112	566,745	200	-	566,545	2.1%	1,033.8
1995	574	26,279,578	545,355	335	- ⁽⁶⁾	545,020	2.1%	949.5
1994	574	25,024,740	528,660	530	\$ 4,446	523,684	2.1%	912.3
1993	574	25,513,823	524,480	5,050	4,680	514,750	2.0%	896.8
1992	574	27,857,962	566,225	6,680	5,948	553,597	2.0%	964.5
1991	574	34,165,497	548,690	8,920	7,790	531,980	1.6%	926.8
1990	578	33,673,223	516,324	9,519 ⁽⁵⁾	54,468	452,337	1.3%	782.6
1989	578	33,332,516	506,504	40,309	87,934	378,261	1.1%	654.4
1988	578	28,011,489	455,579	46,249	114,709	294,621	1.1%	509.7

(1) Population estimates are from Bureau of the Census.

(2) The assessed valuation of taxable property reflects 100% of the full and fair cash value.

(3) Exempt residential properties not included.

(4) Self-supporting proprietary debt and certain notes payable are not included.

(5) The Funding Loan Act of 1982 Bonds which were outstanding as of June 30, 1989, in the amount of \$30.2 million were redeemed in full on July 1, 1989.

(6) The Debt Service Fund at the end of Fiscal Year 1995 was eliminated by a transfer to the General Fund of funds earmarked to extinguish the Rapid Transit Debt in Fiscal Year 1996.

Table-7

Computation of Legal Debt Margin
(in thousands)
June 30, 1997

Equalized Valuation as of January 1, 1995 ⁽¹⁾	29,763,079	
	2.5%	5.0%
Maximum debt limits as of July 1, 1996.....	\$ 744,077	\$ 1,488,154
Less: Debt outstanding June 30, 1996 ⁽²⁾	399,469	399,469
Less: Debt authorized but unissued June 30, 1996 ⁽³⁾	301,004	301,004
Debt incurring capacity as of July 1, 1996.....	43,604	787,681
Add: Debt redeemed during fiscal 1997.....	33,296	33,296
Add: Bond Proceeds Transfer during fiscal 1997.....	676	676
Less: City council authorizations during fiscal 1997.....	-	-
Debt incurring capacity as of June 30, 1997.....	\$ 77,576	\$ 821,653

(1) Includes the value of Chapter 121A tax agreement properties.

(2) The laws of the Commonwealth of Massachusetts provide for general debt limits for the City, consisting of a Normal Debt Limit and a Double Debt Limit. The Normal Debt Limit is 2.5% of the assessed valuation of taxable property in the City as last equalized by the State Department of Revenue, and may authorize debt up to this limit without State approval. The City can also authorize debt up to twice this amount (the Double Debt Limit) with the approval of the State Emergency Finance Board.

(3) The debt authorized but unissued as of June 30, 1996 and City Council authorizations during fiscal 1997 are reported for purposes of the computation of legal debt margin within the Normal Debt Limit.

Table-8

Computation of Direct and Overlapping Bonded Debt
General Obligation Bonds
(in thousands)
June 30, 1997

Boston's Direct Debt	Gross Bonded Debt ⁽¹⁾	Payable from Related Revenues ⁽²⁾	Net Bonded Debt
Issued for the Purpose of:			
Acquisition of Land; Parks/Playgrounds.....	\$ 37,456	\$ -	\$ 37,456
Acquisition of Land; Landfill.....	415	-	415
Engineering & Architectural Services.....	355	-	355
Automatic Traffic Control Signals.....	3,605	-	3,605
Departmental Equipment.....	18,644	-	18,644
Remodeling and Repairs.....	107,059	23,122	83,937
Suffolk County.....	2,457	721	1,736
Economic Development.....	10,737	-	10,737
Parking Facilities.....	2,760	-	2,760
State Urban Development - Relocation.....	37,129	-	37,129
Schools.....	159,344	94,260	65,084
Public Buildings.....	130,049	-	130,049
Public Works.....	91,748	-	91,748
Acquisition of Land; Cemeteries.....	317	317	-
Sewer.....	150	150	-
Total Direct Debt.....	\$ 602,225	\$ 118,570	483,655
Overlapping Debt	Principal Amount	% Applicable to Boston	
Mass. Bay Transportation Authority.....	\$ 323,864	42.56%	137,836
Total Direct and Overlapping Debt.....			\$ 621,491

(1) Self-supporting proprietary debt and certain notes payable are not included.

(2) Includes revenues related to or derived from facilities for which the debt was incurred. Such revenues include: (i) payments from the State for debt service on bonds issued for Suffolk County Courthouse buildings; (ii) state grants for school construction assistance pursuant to the State's Construction Aid Project; (iii) cemetery receipts; which are currently collected in the General Fund; (iv) payments from the Boston Water and Sewer Commission for debt service on outstanding sewer bonds.

Source: City of Boston Auditing Department and MBTA Treasurer-Controller.

Table-9

**Ratio of Annual Debt Service Expenditures for
General Bonded Debt to Total General Fund Expenditures (1)**

Last Ten Fiscal Years

(GAAP Basis)

(in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total ⁽²⁾ General Fund Expenditures</u>	<u>Ratio of Debt Service to General Fund Expenditures</u>
1997	\$ 54,505	\$ 32,944	\$ 87,449	\$ 1,297,404	6.7%
1996	53,595	32,189	85,784	1,235,922	6.9%
1995	53,291	29,305	82,596	1,209,846	6.8%
1994	57,410	31,861	89,271	1,022,943	8.7%
1993	53,585	34,463	88,048	981,244	9.0%
1992	53,180	32,812	85,992	1,013,551	8.5%
1991	50,579	32,317	82,896	1,045,559	7.9%
1990	81,034	29,444	110,478	1,011,850	10.9%
1989	67,872	33,061	100,933	988,481	10.2%
1988	50,702	35,035	85,737	933,959	9.2%

(1) Total principal and interest payments by the City is exclusive of Other Financing Sources.

(2) Operating Transfers Out have been excluded from all years.

Table-10
Largest Taxpayers (1)

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Personal Property</u>	<u>Real Property</u>	<u>Total Assessed Value</u>	<u>% of Total Assessed Value</u>	<u>Fiscal 1997 Taxes</u>
Boston Edison Company (2)	Utility	\$ 882,134,400	\$ 151,426,900	\$ 1,033,561,300	3.6%	\$ 42,892,794
John Hancock Mutual Life Insurance Co.	Insurance		377,434,700	377,434,700	1.3%	15,663,540
New England Telephone & Telegraph (NYNEX)	Utility	278,465,300	91,897,400	370,362,700	1.3%	15,368,386
Prudential Insurance Company (3)	Insurance		611,523,500	611,523,500	2.1%	14,471,670
Fort Hill Associates	Real Estate		287,919,500	287,919,500	1.0%	11,948,659
Massport (4)	State Authority		523,656,700	523,656,700	1.8%	10,127,569
Beacon Properties	Real Estate		211,838,500	211,838,500	0.7%	8,791,298
125 High Street	Real Estate		203,852,500	203,852,500	0.7%	8,459,879
UIDC of Massachusetts, Inc.	Real Estate		200,083,500	200,083,500	0.7%	8,303,465
Dewey Square Tower Associates	Real Estate		194,867,500	194,867,500	0.7%	8,087,001
Ronald M. Druker Trust	Real Estate		191,991,700	191,991,700	0.7%	7,883,276
Olympia & York State Street Co.	Real Estate		189,770,500	189,770,500	0.7%	7,875,476
Equitable Federal Street Realty Co.	Real Estate		178,554,000	178,554,000	0.6%	7,409,991
Boston Gas Co.	Utility	132,635,300	20,691,000	153,326,300	0.5%	6,363,041
One Federal Street	Real Estate		145,174,000	145,174,000	0.5%	6,024,721
75 State Street	Real Estate		134,578,500	134,578,500	0.5%	5,585,008
		<u>\$ 1,293,235,000</u>	<u>\$ 3,715,260,400</u>	<u>\$ 5,008,495,400</u>	<u>17.2%</u>	<u>\$ 185,255,774</u>

(1) This table is compiled through a literal search of the named owner or owners of all major parcels of property in the City. This methodology does not necessarily locate parcels owned by affiliates nor does it differentiate percentage of ownership in a particular parcel.

(2) See " Sources of City Revenue-Property Taxes- Major Abatement Cases and Settlements."

(3) Includes \$1,161,017 in-lieu-of tax payment received from a taxpayer constituted as an urban redevelopment corporation organized under Chapter 121A of the Massachusetts General Laws.

(3) This payment is an in-lieu-of tax payment, expressly permitted by statute and paid pursuant to a contract with the City. The City recently negotiated a new ten-year contract with Massport which increases the obligation by more than sixty-percent.

Source: City of Boston Assessing and Treasury Departments.

Table 11

Boston's Largest Private Sector Employers

<u>Employer</u>	<u>Employer</u>
American Airlines, Inc.	General Hospital Corp. (Mass. General)
Au Bon Pain Co., Inc.	Harvard Pilgrim Health Care
BankBoston Corp.	John Hancock Mutual Life Insurance
Bell Atlantic	The Gillette Company
Beth Israel Corp.	Liberty Mutual Fire Insurance Co.
Blue Cross & Blue Shield of Massachusetts	Liberty Financial Cos. Inc.
Boston Edison Company	Marriott International
The Boston Globe	Massachusetts Eye & Ear Infirmary
Boston Medical Center	New England Deaconess Hospital Corp.
Boston University	New England Mutual Life Insurance Co.
Brigham and Women's Hospital Inc.	New England Medical Center Hospital
Carney Hospital Inc.	Northeastern University
Children's Hospital Medical Center	Putnam Companies Inc.
Coopers and Lybrand, L.L.P.	St. Elizabeth's Medical Center
Dana-Farber Cancer Institute	Star Market
Delta Airlines	State Street Bank & Trust Co.
Faulkner Corp.	Stone + Webber Engineering Corp.
Federal Reserve Bank of Boston	Stop & Shop
Filene's	Teradyne, Inc.
First Security Services Corp.	Thomson Financial Services
Fleet Bank of Massachusetts NA	USAir, Inc.
FMR Corporation (Fidelity Investments)	Visiting Nurses Association of Boston

The largest private sector employers in the City of Boston as of 1997, listed alphabetically.

Source: Survey by BRA/EDIC, conducted in Summer of 1997.

Table-12

**Comparative Office Vacancy Rates
20 Largest Downtown Office Markets
As of June 30, 1997**

<u>City</u>	<u>Vacancy Rate</u>	<u>City</u>	<u>Vacancy Rate</u>
Boston	5.6 %	Chicago	14.9 %
Seattle	6.3	Philadelphia	15.1
San Francisco	6.9	Detroit	15.9
Minneapolis-St. Paul	7.0	Atlanta	17.0
Manhattan, Midtown	7.7	Cleveland	17.0
Washington, D.C.	9.5	Manhattan, Downtown	17.2
Denver	11.3	Baltimore	17.6
Cincinnati	12.3	Los Angeles	18.6
Phoenix	12.9	Houston	20.3
Kansas City	14.7	Dallas	31.4

National Average ⁽¹⁾ 12.6%

(1) National average is based on 54 U.S. cities from the CB Commercial Office Vacancy Index.

Source: CB Commercial Office Vacancy Index and the Boston Redevelopment Authority.

Table-13

Building Permit Revenue and Estimated Construction Activity

(in thousands)

Last Ten Fiscal Years

Fiscal Year	Building Permit Revenue ⁽¹⁾	Est. Potential Construction Activity ⁽²⁾	Est. Potential Construction Activity Adjusted For Inflation ⁽³⁾
1997	\$ 9,200	\$ 1,082,353	\$ 1,082,353
1996	11,778	1,385,606	1,432,590
1995	7,629	897,576	952,680
1994	9,040	1,063,523	1,161,152
1993	8,832	1,039,097	1,147,179
1992	9,136	1,074,848	1,232,071
1991	6,689	786,986	917,785
1990	8,120	955,234	1,177,888
1989	11,424	1,343,934	1,747,114
1988	14,431	1,697,785	2,370,679
Total	\$ <u>96,279</u>	\$ <u>11,326,942</u>	\$ <u>13,221,491</u>
Annual Average	\$ <u>9,628</u>	\$ <u>1,132,694</u>	\$ <u>1,322,149</u>

(1) Building permit revenue in current dollars.

(2) Construction activity estimated by dividing permit revenues by 0.85%, which is the midpoint between permit fees calculated at 0.7% of the first \$100,000 and 1% for the remainder of development cost.

(3) Estimated construction activity adjusted to January 1996 constant dollars (CPI-U).

Source: Boston Redevelopment Authority and City of Boston Auditing Department.

Table-14
Employment Trends by Industry
 Last Five Fiscal Years

<u>Industry</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>% Change 1992-1994</u>	<u>1995</u>	<u>1996</u>	<u>% Change 1995-1996</u>
Fishing, Mining, Agriculture	1,258	1,314	1,389	10.4%	1,243	1,358	9.3%
Construction	10,816	11,399	12,376	14.4%	13,128	12,800	-2.5%
Manufacturing	28,223	28,837	29,473	4.4%	28,995	29,069	0.3%
Transportation/Comm./Utilities	35,624	35,629	36,222	1.7%	36,130	35,752	-1.0%
Retail and Wholesale Trade	73,078	72,884	75,709	3.6%	77,569	78,974	1.8%
Finance/Insurance/Real Estate	87,027	87,990	93,035	6.9%	93,489	96,174	2.9%
Services	256,853	269,244	272,692	6.2%	279,739	286,761	2.5%
Government	94,647	96,979	95,918	1.3%	97,628	95,696	-2.0%
Total	587,526	604,276	616,814	5.0%	627,921	636,584	1.4%

Figures for 1992 to 1996 are based on U.S. Bureau of Economic Analysis Series for Suffolk County, (August 1997, Revised Series (BEA Series), pro-rated to Boston geography. Data for 1996 is based on Massachusetts Department of Employment and Training data adjusted to BEA Series.

Source: Boston Redevelopment Authority and Massachusetts Department of Employment and Training.



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Table-15

Annual Unemployment Rates

	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>May (1)</u>	
										<u>1996</u>	<u>1997</u>
City	3.4 %	3.9 %	5.6 %	8.4 %	8.0 %	6.6 %	5.8 %	5.4 %	4.5 %	4.5 %	4.1 %
Boston PMSA (2)	2.8	3.4	5.3	7.8	7.5	6.0	5.2	4.7	3.7	3.5	3.3
Massachusetts	3.3	4.0	6.0	9.1	8.6	6.9	6.0	5.4	4.3	4.1	3.8
New England	3.1	3.8	5.7	8.0	8.1	6.8	5.9	5.4	4.8	4.6	4.2
United States	5.5	5.3	5.6	6.8	7.5	6.9	6.1	5.6	5.4	5.4	4.7

(1) Monthly rates are not seasonally adjusted.

(2) Primary Metropolitan Statistical Area.

Sources: U.S. Bureau of Labor Statistics and Massachusetts Division of Employment and Training.

Table-16

Direct Debt Outstanding (1)
Year Ended June 30, 1997

	Balance June 30, 1996		Fiscal 1997
	Principal	Interest	General Obligation Bonds Issuance Principal
General Purpose			
Acquisition of Land, Parks and Playgrounds.....	\$ 34,957,138	\$ 12,926,966	\$ 5,430,000
Acquisition of Land, Landfill Area.....	-	-	415,000
Engineering and Architectural Services.....	-	-	355,000
Automatic Traffic Control Signals.....	3,254,833	1,198,741	580,000
Computer Software.....	-	-	630,000
Computer Hardware.....	-	-	1,895,000
Departmental Equipment.....	19,887,652	3,510,224	2,755,000
New City Hall.....	800,000	39,900	-
Economic Development and Industrial Corp.....	11,290,477	4,941,714	315,000
Remodeling and Extraordinary Repairs (2).....	215,334,778	92,903,407	11,860,000
Total General Purpose	285,524,878	115,520,952	24,235,000
School Buildings			
Capital Improvements; Acts of 1966.....	1,130,000	149,755	-
Capital Improvements; Acts of 1973.....	6,360,837	1,535,784	-
Capital Improvements; Acts of 1991.....	5,330,000	2,656,299	13,395,000
Capital Improvements; Acts of 1996.....	-	-	3,120,000
School Project Loan; Act of 1948.....	32,294,612	8,549,590	-
Total School Buildings	45,115,449	12,891,428	16,515,000
Other Public Buildings			
Capital Improvements; Acts of 1966.....	1,225,638	314,534	-
Capital Improvements; Acts of 1973.....	47,613,835	19,471,758	1,165,000
Capital Improvements; Acts of 1991.....	18,105,971	9,481,895	2,270,000
Capital Improvements; Acts of 1996.....	-	-	4,080,000
Construction of Buildings; Acq. of Land.....	37,450,304	17,612,116	27,295,000
Total Other Public Buildings	104,395,748	46,880,303	34,810,000
Public Works			
Bridges.....	13,525,581	6,406,532	4,220,000
Public Ways.....	50,502,844	20,668,129	4,315,000
Sidewalks.....	16,385,628	3,745,885	1,405,000
Street Lighting.....	7,983,856	3,238,456	925,000
Total Public Works	88,397,909	34,059,002	10,865,000
Other			
Urban Redevelopment and Relocation.....	39,369,636	14,369,982	3,575,000
Parking Facilities.....	3,741,380	478,441	-
Sewerage Loan.....	200,000	27,600	-
Total Other	43,311,016	14,876,023	3,575,000
Total All Categories	\$ 566,745,000	\$ 224,227,708	\$ 90,000,000

(1) Self-supporting proprietary debt is not included.

(2) The beginning balance for interest has been adjusted to reflect a correction made to correspond with the audited debt schedules of the City for the fiscal year ended June 30, 1996.

City of Boston, Massachusetts

Fiscal 1997					
General					
Obligation					
Bonds					
Issuance					
Interest	Fiscal 1997 Payments		Balance June 30, 1997		
	Principal	Interest	Principal	Interest	
\$ 1,440,817	\$ 2,599,738	\$ 2,067,569	\$ 37,787,400	\$ 12,300,214	
113,318	-	9,568	415,000	103,750	
52,560	-	8,185	355,000	44,375	
158,372	229,599	181,130	3,605,234	1,175,983	
93,275	-	14,525	630,000	78,750	
517,440	-	43,690	1,895,000	473,750	
407,893	3,998,033	1,061,906	18,644,619	2,856,211	
-	450,000	26,062	350,000	13,838	
86,013	868,635	583,628	10,736,842	4,444,099	
5,319,689	16,117,627	12,172,280	211,077,151	86,050,816	
<u>8,189,377</u>	<u>24,263,632</u>	<u>16,168,543</u>	<u>285,496,246</u>	<u>107,541,786</u>	
-	225,000	50,023	905,000	99,732	
-	898,824	342,178	5,462,013	1,193,606	
7,006,329	424,000	578,962	18,301,000	9,083,666	
1,631,933	-	71,933	3,120,000	1,560,000	
-	6,614,319	1,777,670	25,680,293	6,771,920	
<u>8,638,262</u>	<u>8,162,143</u>	<u>2,820,766</u>	<u>53,468,306</u>	<u>18,708,924</u>	
-	319,153	78,327	906,485	236,207	
318,110	4,322,966	2,682,745	44,455,869	17,107,123	
619,836	1,238,668	979,920	19,137,303	9,121,811	
2,134,067	-	94,067	4,080,000	2,040,000	
11,746,801	2,785,454	2,627,671	61,959,850	26,731,246	
<u>14,818,814</u>	<u>8,666,241</u>	<u>6,462,730</u>	<u>130,539,507</u>	<u>55,236,387</u>	
2,153,544	915,460	830,153	16,830,121	7,729,923	
1,178,235	3,955,094	2,854,299	50,862,750	18,992,065	
208,018	2,149,008	910,448	15,641,620	3,043,455	
252,576	495,512	472,101	8,413,344	3,018,931	
<u>3,792,373</u>	<u>7,515,074</u>	<u>5,067,001</u>	<u>91,747,835</u>	<u>32,784,374</u>	
1,261,174	4,881,199	2,219,025	38,063,437	13,412,131	
-	981,711	213,549	2,759,669	264,892	
-	50,000	12,075	150,000	15,525	
<u>1,261,174</u>	<u>5,912,910</u>	<u>2,444,649</u>	<u>40,973,106</u>	<u>13,692,548</u>	
<u>\$ 36,700,000</u>	<u>\$ 54,520,000</u>	<u>\$ 32,963,689</u>	<u>\$ 602,225,000</u>	<u>\$ 227,964,019</u>	

Table-17

Authorized and Unissued Debt

(in thousands)

Balance June 30, 1996.....	\$	547,884
Add: City Council Authorizations.....		-
Deduct: Bond Proceeds Transfers.....		5,033
Deduct: November 1996 G.O. Bond Issuance.....		90,000
Balance June 30, 1997.....	\$	<u>452,851</u>

City Council Authorizations:

Date

Amount

Authorization

No City Council Authorizations were passed for Fiscal Year 1997.

Table - 18

Property Value, Construction, Bank Deposits and Retail Sales
Last Ten Fiscal Years
(in thousands)

Fiscal Year	Assessed Property Value ⁽¹⁾			Building Permit Revenues ⁽²⁾	Bank Deposits ⁽³⁾	Retail Sales ⁽⁴⁾ (In Millions of \$)
	Residential ^(a)	Commercial, Industrial & Personal	Total			
1997	\$ 16,437,252	\$ 12,617,096	\$ 29,054,348	\$ 9,200	\$ N/A	\$ N/A
1996	15,709,935	11,809,177	27,519,112	11,778	33,642,153	36,565
1995	14,970,450	11,309,128	26,279,578	7,629	33,339,513	34,185
1994	14,219,593	10,805,147	25,024,740	9,040	32,211,722	33,942
1993	14,593,960	10,919,863	25,513,823	8,832	32,085,774	31,309
1992	16,086,355	11,771,607	27,857,962	9,136	33,761,555	29,701
1991	18,696,975	15,468,522	34,165,497	6,689	36,701,266	28,430
1990	18,489,546	15,183,677	33,673,223	8,119	40,590,819	28,343
1989	18,262,348	15,070,168	33,332,516	11,423	42,505,169	29,006
1988	14,219,976	13,791,513	28,011,489	14,431	43,490,515	28,743

(1) Source: City of Boston Assessing Department

(2) Source: City of Boston Auditing Department

(3) Source: Federal Reserve Bank / FDIC "Databook Operating Banks + Branches"

(4) Source: U.S. Department of Commerce, Bureau of the Census, "Current Business Reports":
Monthly Retail Trade Data is for the five counties in metropolitan Boston: Essex, Middlesex,
Norfolk, Plymouth and Suffolk.

(a) Note: Exempt residential properties not included.

N/A: not available.

Table-19

GENERAL INFORMATION

CITY GOVERNMENT

Date of incorporation.....	1822
Present charter first adopted.....	1909
Form of government.....	Mayor / City Council

GEOGRAPHICAL DATA

Altitude.....	28 feet above sea level
Area (square miles):	
Land.....	43.2
Water.....	2.2
Climate:	
Annual average.....	50.9
August 1996 average high.....	77.8
March 1997 average high.....	43.5
Rainfall in inches as of Mar. 1997.....	44.1

ELECTIONS

Registered voters as of Mar. 1997.....	249,367
% voted in last election.(Presidential).....	72.14%

CITY EMPLOYEES

Total number of employees.....	15,863
City and county.....	8,227
School department.....	7,636

FIRE PROTECTION

Officers and personnel.....	1,705
Stations.....	34
Calls answered.....	62,115
Inspections conducted.....	7,990

POLICE PROTECTION

Officers and personnel.....	2,876
Stations.....	11
Calls answered.....	227,938
Moving/traffic violations.....	128,829
Parking violations.....	1,467,878

HOSPITALS

Number of hospitals.....	28
Patient beds.....	7,675
Births as of June 12, 1997.....	7,715
Deaths as of June 12, 1997.....	3,614

LIBRARY

Personnel full-time.....	505
Personnel part-time.....	195
Central and branch libraries.....	26
Mobile units.....	1
Books, audio and video materials, newspapers and magazines in circulation.....	2,096,000
Library cards in force.....	573,382

PUBLIC EDUCATION

Student enrollment.....	62,980
Teachers and other certified employees.....	7,401
Total number of schools.....	125

STREETS, SIDEWALKS AND BRIDGES

Streets paved in miles.....	784
Sidewalks in miles.....	1,500
Traffic signals.....	785
Parking meters.....	7,656
Bridges.....	4

PARKS AND RECREATION

Personnel.....	235
Major parks.....	4
Neighborhood and community parks.....	11
Neighborhood playgrounds.....	192
Community recreation centers.....	34
Golf courses.....	2
Swimming pools.....	20
Tennis courts.....	18

BOSTON LOGAN AIRPORT

Acreage.....	2,400
Miles of runway.....	7
Miles of taxiway.....	14
Domestic and international airlines.....	55
Passengers served (approximately).....	25.1 million





